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NEWS SUMMARY

GENERAL

Iran oil strike 'has ended'

Iran said that the strike of oilfield workers had [illegible] claimed that 80 per cent of the strikers were [illegible] back at work.

The strike, which has thrown Iran's economy into disorder, began in pockets four weeks ago and became a nationwide shutdown two weeks later. There are conflicting estimates of the extent of the return to work.

Meanwhile, fresh rioting broke out in Tehran and there are reports of severe clashes in provincial centres over the past two days.

Winter offensive pledge by IRA

The Provisional IRA declared a new "winter offensive" in Ulster after a day in which seven towns across the province were bombed, with damage running into millions of pounds.

The Provos said there would be no Christmas ceasefire—as there has been previously—and they pledged that violence would continue "until the British withdraw." Page 8. Tories seek statement. Page 11.

Secrets verdicts

The Old Bailey secrets trial jury on the directions of the judge convicted former army intelligence corporal John Berry of one charge and acquitted John Aubrey on two charges. Verdicts on the other charges are expected today.

Botha shuffle

[illegible] President P. W. Botha [illegible] reshuffle which involves promotion for supporters of the National Party's Right-wing. Page 4

Egypt's envoy

Egypt's Vice-President Hosny Mubarak is being sent to the Washington peace talks in an attempt to break the deadlock over the future of Palestinians on the West Bank and the Gaza Strip. Page 5

Embassy bugging

Australia has protested to the Soviet Union "in the strongest possible terms" over the bugging of its Moscow embassy. Foreign Minister Andrew Peacock told Parliament in Melbourne that the Soviet Government's denial of responsibility was unconvincing.

Troop confusion

President Amin said he was withdrawing Ugandan troops from the 700 square miles of Tanzanian land they have occupied for two weeks but Tanzania described the President's statement as a lie. Page 5

Gandhi attack

Indira Gandhi, former Indian Prime Minister, was spattered by [illegible] and had her speech drowned by hecklers at a public meeting in Southall, Middlesex. But the majority of the 1,800 Indians at the meeting were supporters of Mrs. Gandhi. Page 8

Royal & ancient

Lord Kimberley said the Royal Family is getting a "rough ride" in 14-year-old Andover aircraft of the Queen's Flight. They should be replaced with BAC 1-11s, he told the Lords.

Briefly . . .

Record [illegible] Christmas cards have already been sold in the UK this year according to a trade association.

Police found £2,000 in notes in a cashbox by the roadside at Dickleburgh, Norfolk.

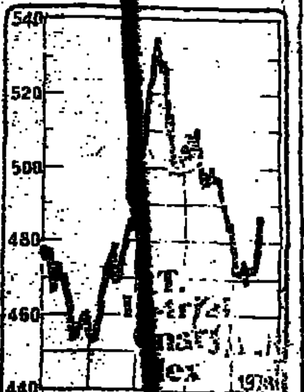
John Silkin, Agriculture Minister, injured his leg when he was in collision with a moped whilst walking in Whitehall.

British Rail apologises to commuters who will be hit by a drivers' dispute today.

BUSINESS

Equities' biggest gains in 13 months

● EQUITIES [illegible] their biggest rise in 13 [illegible] helped by the [illegible] hopes of an agreement [illegible] Government-TUC talks [illegible] tion. News of the breakdown of the talks came after [illegible]. The FT ordinary share index rose 14 points to 487.5, [illegible] reflecting a market short of stock.



● HONG KONG [illegible] Hang Seng index gained [illegible] to 548.20. The Nikkei-Dow Average in Tokyo fell 30 [illegible] to 5,942.87.

● GILTS improved [illegible] revived investment demand [illegible] the near-short tap [illegible] Government Securities index rose 0.30 to 68.28.

● STERLING gained [illegible] to $1.9720. Its trade-weighted index was 62.4 (62.2). The dollar closed at DM 1.88 compared with DM 1.88 [illegible] depreciation narrowed [illegible] per cent from 9.8 per cent.

● GOLD rose $1 in London [illegible] $208 [illegible] in New York the Comex November close was $208.50 ($210.60).

● WALL STREET rallied towards the close to end 6.75 down at 785.26, after being 10 points lower at one stage.

● INDEX of price rises notified to the Price Commission has risen for the first time in seven months, the six-month figure to end of October going up by 4.7 per cent (4.5 per cent to end of September). Back Page

● British Shipbuilders lost £108m in its first nine months of trading, but expects to keep within the £45m loss target for the full financial year to next April. Back Page

● British Gas Corporation's monopoly in the sale of gas appliances has been criticised by the Consumers' Association in its evidence to a Monopolies and Mergers Commission inquiry. Page 10

● BL Cars shops stewards at Drews Lane plant in Birmingham have rejected appeals from all six unions at the factory to end a strike which has laid off nearly 30,000 workers. Back Page

● The biggest union in the state steel industry is seeking an 8 per cent pay rise for its manual and staff members in the loss-making British Steel Corporation. Page 10

● S. G. Warburg executive director Nicolas McAndrew has left to join the rival merchant bank, N. M. Rothschild and Sons.

COMPANIES

● Sketchley, the dry-cleaning and industrial wear group, had a pre-tax profit of £2.75m (up 54 per cent from £1.8m) for the six months to the end of September. Sales rose 24 per cent to £20.14m. Page 26

● Land Securities Investment Trust saw pre-tax profit rise by £3.4m to £11.48m. Net rents following less outgoings and expenses, rose from £23.2m to £25.8m. Page 26

● Smith Industries had a second-half profit of £14.59m (£10.95m) to lift its pre-tax profit for 53 weeks to £22.09m, compared with the previous year's £20.51m. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchеq. 8½ pc '81	£92½	+ ¼
Exchеq. 12½c '99-02	£94	+ ½
APV	197	+ 7
BATs Dfd.	240	+ 10
Beecham	650	+ 15
Bell (A.)	250	+ 14
Boots	202	+ 9
Brown (J.)	410xr	+ 12
Distillers	201	+ 6
Eurotherm	180	+ 7
GEC	322	+ 7
GUS A	308	+ 12
Heath (C. E.)	262	+ 12
LWT A	140	+ 7
Land Secs.	2[illegible]	+ 9
Lloyds Bank	265	+ 7
Lucas Inds	304	+ 11
MFPC	142	+ 8
Marks and Spencer	88	+ 5
[illegible] Printing	64	+ 5
[illegible]	73	+ 7
Robertson Foods	147½	+ 10½
Rolls-Royce	106½	+ 5½
Rothschild Inv.	196	+ 5
Sainsbury (J.)	237	+ 7
Scottish Newcastle	65½	+ 4
Sirdar	105	+ 6
Sketchley	124	+ 8
Smith (W. H.) A	149	+ 5
Smiths Inds.	205	+ 9
Stewart Plastics	174	+ 11
Tesco	56½	+ 3½
Weir Group	104	+ 7
Woolworth (F. W.)	70½	+ 4
Pacific Petroleum	£82½	+ 5½
Siebens (UK)	280	+ 16

FALLS

Hickson and Welch	197	− 15
Conzinc Riotinto	246	− 8
De Beers Dfd.	348	− 8
Northern Mining	77	− 7

TUC refuses to back joint statement

Bid to heal incomes policy rift fails

BY CHRISTIAN TYLER AND RICHARD EVANS

THE GOVERNMENT was dealt a grave political blow by the TUC yesterday when an attempt to reconcile their differences on incomes policy collapsed.

By refusing to meet the Government even half way on wage restraint the TUC General Council has left Ministers with little option but to continue to apply their 5 per cent pay limit, and sanctions against companies, as rigidly as before.

The General Council's 14-14 vote on a statement on pay, prices and inflation and a set of guidelines for negotiators agreed by Ministers and TUC meant that both documents fell.

It was hailed by Left-wingers as a victory for the hard-line interpretation of Congress policy, and will give militant shop stewards even less reason to back down from big pay claims submitted across a wide spectrum of industry.

Failure to achieve the expected agreement could deal a body blow to Labour's electoral prospects if it is followed by a winter of industrial disruption.

[illegible] it shatters one of Labour's most valuable electoral cards, the [illegible]'s special relationship with the trade unions, and the widespread assumption that the Conservatives would have a much more difficult time seeking trade union moderation.

But some Ministers took an opposing view, and said that the opinion polls showed such impressive support for the Government's pay policy that a tough attitude toward "irresponsible" union demands could bring electoral rewards.

A disappointed Mr. Len Murray, TUC general secretary, one of the six who had spent five weeks hammering out a statement with Ministers, said: "I think there will be more aggravation on the industrial scene this winter than there would have been if the joint statement had been adopted."

In strict policy terms yesterday's events leave both sides as they were, and the unions still with a policy opposed to the 5 per cent guidelines that does, however, urge some measure of self-restraint and attention to bringing down the rate of inflation. But it widens the political rift.

The statement, as expected, gave no firm pledges by either side, reaffirming both the Government's line, without mentioning the 5 per cent, and the TUC's.

Its failure will not be regretted by employers, who [illegible] as Government weakness in the face of union pressure [illegible] unions, who doubted [illegible] would [illegible] change Government [illegible] pay control.

Mr. Len Murray: aggravation on the industrial scene

It was the first time for years that a recommendation of the senior six negotiators and the Economic Committee had been rebuffed.

Among the reasons cited by Mr. Murray and others were the hard-line speeches of the Chancellor, his announcement of a historically large rise in minimum lending rate, and the failure of the statement to promise primary legislation on price control.

Passages urging unions to bargain with companies' prices, markets, profitability and efficiency in mind were seen by some as inviting employers to put extra constraints on their unions.

Others said that the attempt to link earnings of public service workers with those in private industry were unrealistic and that the statement gave no promise of relaxation of public expenditure curbs or imposition of import controls.

Overall, the statement was felt to be incompatible with TUC policy, Mr. Murray said.

An attempt by the Transport Workers, led by Mr. Harry Urwin in the absence of Mr. Moss Evans on holiday, to defer a decision while union executives were consulted also went to a

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UK current account breaks even

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S CURRENT account appears to be about in balance although sharp month-to-month fluctuations continue.

An improvement in the underlying trend has been indicated in recent months with a pick-up in the growth rate for exports.

The current account was in surplus by £209m last month, compared with a deficit of £140m in September, continuing this year's pattern of alternating deficits and surpluses.

About two-thirds of the change reflected especially favourable conditions for trade in erratic items (such as ships, aircraft, oil rigs and precious stones) and oil and the impact of the earlier industrial dispute at Southampton Docks and the start of the Ford strike.

BALANCE OF PAYMENTS
£m (seasonally adjusted)

		Visibles trade	Invisibles	Current account
1977	1st	− 973	+ 478	− 495
	2nd	− 762	+ 465	− 297
	3rd	+ 31	543	+ 574
	4th	+ 5	512	+ 507
1978	1st	− 608	+ 295	− 313
	2nd	− 150	+ 333	+ 183
	3rd	− 281	+ 225*	− 56
	May	− 235	+ 111	− 124
	June	− 101	+ 111	+ 10
	July	− 134	+ 75*	− 59
	Aug.	− 68	75*	+ 143
	Sept.	− 215	+ 75*	− 140
	Oct.	+ 119	90*	209

* provisional
Source: Department of Trade

Overall

The news of the improvement helped to sustain a fairly firm performance by sterling, which rose half a cent to $1.9720, while the trade-weighted index increased by 0.2 to 62.4.

The best guide to the overall position is probably the cumulative surplus of £23m in the first ten months of the year, although that contrasts with official projections a year ago of a surplus of £1.5bn during 1978 as a whole, and the April Budget forecast of a £750m surplus.

Special factors and sharp fluctuations mask the recent underlying trend but trade in oil and the more erratic items only accounted for a quarter of the £442m narrowing in the visible trade deficit in August-to-October compared with the previous three months.

The most encouraging feature has been the acceleration in the growth of exports, especially manufactured goods, in the past few months after the flat trend earlier this year.

The improvement may be explained by a pick-up in the expansion of world trade and comes in spite of a continuing erosion of the [illegible] position of British [illegible] of the rapid growth in unit labour costs.

Between August and October the volume of exports (excluding erratic items) was 4 per cent higher than in the previous three months and roughly 9½ per cent more than the average in 1977. On the same basis, the volume of manufactured exports were 3½ and 6 per cent higher respectively.

The volume of imports (again excluding erratic items) rose 3 per cent on a three-month comparison, with purchases of finished manufactured goods [illegible] per cent higher. Those figures, however, probably understate the underlying rate of growth because of special influences.

In particular, the value of road vehicle imports fell from £2[illegible]m to £201m last month and more than half of that is explained by the Ford dispute. Ford imports recently have been worth about £50m a month, almost entirely completed cars. Its exports have been worth £50m a month, mainly components.

Last month the strike almost entirely affected imports rather than exports, partly because the former are collected on the calendar month and export data is from mid-month to mid-month.

The more readily identifiable character of the import compared with the containerised exports, may also have [illegible] a more effective own on [illegible] by dockers. Nevertheless, Ford exports are likely to be affected this month.

Purchases

Although imports of manufactured goods may [illegible] be slightly more buoyant than the published figures show, purchases of industrial materials [illegible] to have levelled off [illegible] more sharply than expected this year.

The [illegible] dollar in recent months has led to a 5 per cent fall in the [illegible] cost [illegible] imports since the UK [illegible] self-sufficient in oil that [illegible] the trade figures. The deficit on trade in oil has narrowed by [illegible]54m to £4[illegible]m between May-July and the latest three months.

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[illegible]

Germans secure big China metal plants contract

BY JONATHAN CARR

BONN, Nov. 14.

[illegible] secured a large contract to supply [illegible] plants for China's developing non-ferrous metals industry in the latest of a series of big deals with the People's Republic.

The accord, between the Frankfurt concern Metallgesellschaft with its heavy engineering subsidiary, Lurgi, and the Chinese Ministry of Metallurgy, is worth "several billion D-marks," according to the two companies.

This latest success for West German industry comes on top of industrial orders already secured from Peking valued at DM 40bn (£10.8bn), although much work remains to be done before final contracts are concluded.

The two West German concerns [illegible] last Friday [illegible] the Ministry.

It covers many years of co-operation to explore non-ore deposits, construct plant and market ores and processed metals.

Lurgi plans to build [illegible] processing plants for all major metals in several Chinese provinces, aided by the technological know-how of Metallgesellschaft and other unspecified companies.

Individual contracts are still to be concluded for these numerous projects. Work on the contracts for the first projects has already begun.

Metallgesellschaft, which achieved external turnover in 1976-77 of DM 7.8bn (£2.1bn), is an obvious partner for China in her industrialisation plans. [illegible] buying [illegible] non-ferrous metals, ores, minerals and chemicals, sells the technological processes for development in all these fields and has an important distribution and transport division.

Under the new accord, Metallgesellschaft plans to take large quantities of ore and metals from the Chinese in the next 15 years and use them in its world-wide business activities.

Lurgi has already received several big foreign orders this year, among them one for development of the Soviet Union's huge Kursk steel project. It will supply an iron-ore pelletisation plant and in co-operation with Korf Stahl, a direct reduction plant.

So far there is no word on financing of the new project. The Dresdner Bank has made clear that it is ready in principle to head a consortium to provide credit to the Bank of China for construction of an integrated steel works in Hopei Province.

However, the bank has also made clear that such financing will be possible only if the West German Government is prepared to underwrite the project with export credit guarantees.

The total value of the steelworks complex has been put at DM 28bn (£7.6bn) and a West German industrial consortium has been set up to tender for it. Competition from at least the British and French is expected.

West German businessmen signed an accord in September to help modernise China's coal industry. If all goes ahead as planned this would bring DM 8bn of orders.

U.S. oil companies to press Carter for sharp price rise

BY DAVID LASCELLES

CHICAGO, Nov. 14.

LEADERS OF the U.S. oil industry today gave notice to President Carter and Congress that they will seek a sharp increase in domestic oil prices next year.

They also want to be freed of the regulatory burden which they say is hampering their operations and only worsening the U.S. energy situation.

(These aims were laid down today at a militant meeting of the American Petroleum Institute, the U.S. oil industry's leading industrial body which brings together top executives from all the major energy companies.

In the keynote speech greeted by thunderous applause, Mr. John Swearingen, chairman of Standard Oil (Indiana) and also chairman of the Institute, said that crude oil pricing was one of the most profound issues facing the country and the oil industry today.

He proposed that oil price controls be lifted from next June and phased out altogether by October, 1981. In the meantime, he demanded that U.S. domestic oil prices be allowed to rise to levels permitted by the 1975 Energy Policy and Conservation Act but blocked by the Department of Energy "for purely political reasons."

The U.S. oil industry, he said, had been deprived of $3bn and was still losing $250m a month in revenues because of Dept. of Energy controls. (U.S. oil prices are currently fixed at some $2 per barrel below world market levels.)

Among Mr. Swearingen's other demands were:

Abolition of price controls on all refined products;

An end to the oil entitlements programme introduced after the Arab oil embargo to ensure supplies to small refiners;

A less severe environmental policy;

Less Government interference and the "depoliticisation" of the oil industry.

Mr. Swearingen said a new oil policy was essential to encourage production, increase supplies, reduce imports, ease the balance of payments and "put some spine back into our enfeebled dollar."

Abolition of controls of oil would not be inflationary, he argued. Rather the opposite. The creation of a free market would lead to new competition.

Mr. Swearingen's demands, which reflected the growing frustration of the U.S. energy industry, were echoed by other industry leaders.

Mr. Clifton Garvin, chairman of Exxon, the largest U.S. oil company, said that U.S. oil prices should be brought up to world levels to encourage conservation and enable exploration to continue. He favoured complete deregulation, and urged that more areas be granted for exploration, particularly offshore and in Alaska.

The target of the oil industry's campaign is next May 31, when the present oil price controls are due to expire. Mr. Carter has the discretion to extend them to the end of September 1987, an option the oil industry fears he will exercise to bolster his anti-inflation programme.

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FEATURES

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French unemployment reaches peak

BY DAVID CURRY

PARIS, Nov. 14.

UNEMPLOYMENT REACHED a post-war peak in France last month. More than 1.34m people were registered as unemployed, according to the crude figures, a rise of 10.9 per cent over the previous 12 months and of 4.6 per cent from September.

The situation looks slightly less gloomy when the seasonally adjusted figures are taken, showing a 1.7 per cent decline in unemployment between the two months. However, there is no doubt that industry as a whole is taking the Government's declarations of economic non-intervention at face value, and is running down its labour force to improve productivity and its ability to compete with prices on world markets.

It is difficult to see any significant improvement over the winter months. Several sectors, including steel, shipbuilding and commercial vehicles, are likely to have to announce programmes to reduce manpower. Even some high-technology areas such as telecommunications — are beginning to find themselves with too many workers on the books after the completion of large domestic re-equipment programmes, and with a lack of sufficient export orders to take up the slack.

Ironically, the latest unemployment figures coincide with the publication of a report from M. Jean Farge, a senior official, levelling fierce criticisms of the efficiency of the national system of employment offices, the Agence Nationale pour l'Emploi (ANPE).

The report was commissioned by M. Robert Boulin, the Labour Minister. Its main point is that the ANPE has so many administrative tasks, particularly checking the eligibility of the unemployment person for assistance, that it spends only a fraction of its time trying to put people into jobs.

It attacks the agency's staff for inadequate training, and says they are too vague in defining employers' requirements and too sluggish in chasing opportunities for people seeking work.

M. Farge recommends that the ANPE should be relieved of any role of managing unemployment, and should concentrate on job-seeking. Its staff should be better trained and more open to external advice and assistance.

Employers and unions have met for the seventh time to try to reach agreement on reforming the system of unemployment benefit. The industry-union-managed fund is badly in need of replenishment, but industry is refusing to increase the amount it contributes (3 per cent of the wage bill, divided 80:20 between companies and workers) while the State has so far refused to increase its own share, which has declined proportionately over the years.

All sides agree on the need to improve the minimum unemployment benefits, and it is less generally agreed that this must be financed by clipping benefits at the top end of the scale (90 per cent of final pay for some unemployed people for the first year out of work), but the negotiators are still a long way apart on the arithmetic.

The most likely outcome of today's meeting is to fix a rendezvous for a final bargaining session in a few weeks, when the Communist-led union, CGT, will have held its Congress and will be in a better position to bargain.

Irish unions reject national wage talks

By Stewart Dalby

DUBLIN, Nov. 14.

THE IRISH Government received a severe blow to its hopes to control wage inflation today when the Irish Congress of Trade Unions (ICTU) voted at a specially convened session against entering talks for a new national wage pact which are about to begin.

Although the unions do not discuss pay directly with the Government, unions and employers have concluded a series of successful pacts under an organisation known as Irish Employers' Labour Union. This includes some Government representation through public employees.

Lower level

The last pact which does not expire until March, allows an average 10 per cent increase in pay which, at the time it was negotiated, was slightly lower than the level of inflation. No figure has been decided as a negotiating position for this year's talks, but the Government is understood to be aiming at a figure lower than the current 7 per cent level of inflation.

The unions' decision does not mean that the Government's hopes for a national wage pact have been dashed, but it does suggest that the era of successful central wage bargaining in Ireland is coming to an end. Today's vote comes against the background of a rash of unofficial strikes which could mean that 1m days will be lost this year, more than double last year's level.

Lynch for London

● Irish Prime Minister Jack Lynch is to have talks with Mr. Callaghan in London later this month about the proposed European Monetary System. The visit—on November 27—will be part of a tour of Common Market capitals by Mr. Lynch on the planned scheme. He sees Chancellor Schmidt in Bonn a day later and earlier on November 22 he is scheduled to meet French President Giscard d'Estaing in Paris.

Portugal prices rise 3.4%

BY OUR OWN CORRESPONDENT

LISBON, Nov. 14.

CONSUMER PRICES in Portugal rose by 3.4 per cent last month according to provisional figures released by the National Institute of Statistics. The figure represents the second biggest monthly increase this year and is a sign that Portugal's future government will find it impossible to reduce inflation to the target of 20 per cent by the end of this year.

Although the September increase of 1.5 per cent suggested that inflation in Portugal might be steadying, th latest increase appears to have been affected directly by the recent 22 per cent rise in the price of [illegible] and industrial and [illegible] fuels.

During the first [illegible] months of this year, there were considerable fluctuations in the Portuguese price index. In April, there [illegible] a sharp acceleration [illegible] per cent owing to an increase in the price of a number of key items, including gas, [illegible] and public transport [illegible].

In May and [illegible], however, the inflation rate [illegible] back well within Government guidelines. The rate during the first quarter of the year was running at 2[illegible] per cent, computed on an annual basis.

The 3.4 per cent increase in October suggests that inflation in Portugal will probably reach between 22 and 24 per cent by the end of the year, which is still an improvement on last year's figure of 27 per cent.

As a result, however, the future Government, led by Sr. Carlos Mota Pinto is expected to find difficulty in holding wages to the present ceiling of 20 per cent. Wages policy may well have to be modified once Portuguese officials negotiate changes in the International Monetary Fund letter of intent next January.

A weekend demonstration against the rising cost of living drew a crowd of 250,000.

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Maltese black British imports

BY GODFREY GRIMA

VALLETTA, Nov. 14.

THE ISLAND'S General Workers' Union today ordered port workers to black the handling of all imported British cars and television sets, placed members working inside British military bases on the alert and threatened to spread industrial action throughout the island, in protest against British restrictions on Maltese textile exports.

According to the latest figures, Malta purchases M£13.1m worth of textiles from Britain every year and exports M£9.9m worth of yarn, cotton and finished clothing to the UK.

Mr. Dom Mintoff's Government last week banned the import of all textiles from Britain and closed the British Council offices in Valletta in retaliation against what is described as "a hostile political act."

The first stages of the dispute occurred in October when senior EEC officials failed to break the deadlock after a week's negotiations in Valletta. Despite the importance of Malta's textile industry to the island's economy, Britain has insisted that the EEC should restrict textile imports from a number of Mediterranean countries. Specific levels were laid down by the Community last December.

Malta's textile industry provides nearly 50 per cent of the island's overall exports and employs about 12,000 people.

In a statement after the Valletta talks the Maltese Government said that unless Britain gave Malta an opportunity to discuss the issue before restrictions were imposed, Malta would have no option but to retaliate.

The British High Commission here has said that Britain only buys 15 per cent of Malta's production and that only a third of this would be affected.

Earlier this month Britain invited Dr. Patrick Holland, Malta's Trade Minister to London for talks. Before leaving London, Dr. Holland claimed he had been snubbed when his plea to take up the issue with Dr. David Owen, the Foreign Secretary, was refused after negotiations with officials had failed. In a letter delivered to the British Foreign Office, Dr. Holland accused Britain of discriminating against Malta by insisting, with the EEC, in enforcing export levels from such a small country.

Malta's opposition Nationalist Party has appealed to the EEC to reconsider Malta's case and Mr. Mintoff has succeeded in uniting behind him on the issue the industrial and business community and the church.

Kyprianou reprieves Palestinian killers

By Our Own Correspondent

NICOSIA, Nov. 14.

CYPRUS PRESIDENT Mr. Spyros Kyprianou today granted a reprieve to two Palestinians who were under sentence of death for the murder in Nicosia last February of Youssef el Sibai, a prominent Egyptian newspaper editor and a close friend of President Anwar Sadat. The decision is expected to anger the Egyptian Government which had demanded that the two Palestinians be executed or be handed over to Cairo for punishment.

The two men, Samir Mohammed Khadar, 28, of Jordan, and Zayed Hussein al Ali, 26, of Kuwait, were due to be hanged tomorrow in the Nicosia central prison, but an announcement this morning, 24 hours before they were due to go to the gallows, said President Kyprianou had decided to commute the death sentences to life imprisonment.

Sibai, editor of the Cairo newspaper Al Ahram, was shot outside the bookshop of the Nicosia Hilton Hotel on February 18 during a break in the presidium meeting of the Afro-Asian People's Solidarity Organisation of which he was president and secretary general.

After the murder of Sibai last April in Nicosia total turner grabbed 12 hostages and seized a Cyprus Airways aircraft in an attempt to escape. Egyptian commandos were sent to Cyprus to free the hostages and capture Sibai's assassins clashed with Greek Cypriot security forces at Larnaca airport the following day. In the bloody battle 15 Egyptians were killed and several wounded.

The Sibai killing and its aftermath led to a deterioration of relations between Egypt and Cyprus. President Sadat broke diplomatic ties with Nicosia.

The two Palestinians were put on trial and were convicted last April by a special assize court sitting in Nicosia.

President Kyprianou said today he had decided to spare their lives "reluctantly" after considering Cyprus' wider interests and in response to appeals from "a large number of governments and influential international organisations" which he did not name.

An official announcement also pointed out that no executions have taken place in Cyprus in the past [illegible] years.

Schmidt plea on Nazi criminals

BY JONATHAN CARR

BONN, Nov. 14.

THE West Germany Chancellor Helmut Schmidt has made clear he does not favour any campaign in West Germany against individuals simply on grounds of their former membership of the Nazi party. At the same time, he has appealed to those abroad who have information about hitherto unknown Nazi criminals to come forward.

Speaking to the foreign Press association here, Herr Schmidt noted that, even in the immediate post-war period, the Western allies had not condemned Germans because of nominal Nazi Party membership alone. He did not believe that now, 33 years after the war's end, such condemnation should be made either.

His comments follow recent West German newspaper reports pointing out that Herr Walter Scheel, the Federal President, and Herr Karl Carstens, president of the Bundestag, were both members of the Nazi Party, but were cleared as "not incriminated" by de-Nazification courts after the war.

It is not clear why these reports should have emerged just now, although both are considered possible candidates when the election for a new, five-year federal presidential term is held early next year.

German youth 'pressures'

BY LESLIE COLITT

BERLIN, Nov. 14.

A WEST BERLIN city official has told an international Scientific Conference on Terrorism in Berlin that young West Germans often feel as if they are a "superfluous generation" without a future and under constant pressure to compete and produce.

Dr. Peter Glotz, the head of the West Berlin City Government's Department of Science and Research, told the opening session of the Terrorism Conference that one-fifth of West Germany's future leaders reject the growth-orientated values of industrial society.

To combat terrorism, he said society must deal with the doubts of a segment of young people, and this is the "great political challenge of coming years."

Some 64 political and social scientists, criminologists, government officials, psychologists and psychiatrists from nine countries are taking part at the week-long conference in West Berlin, a city which has spawned many of the leading names in post-war German terrorism.

Dr. Glotz said that it is "absurd to simply accuse Marxism of being the breeding-ground for terrorism." Society, he said, will have to overcome its "pathological inability to communicate" with the younger generation.

EEC steel programme

By Philip Rawstorne

STRASBOURG, Nov. 14.

THE EEC's £120m programme [illegible] for restructuring the coal and steel industry should be financed from customs duties on steel imports into the Community. Proposing this move in the European Parliament today, Viscount Etienne Davignon, Commissioner for Industry, said the duties on steel imports were the only national levies not being channelled into the Community budget.

Viscount Davignon told MPs the EEC would have to continue to give priority to restructuring the industry and would have to strengthen the measures already taken. If the 180m-tonne target capacity for the industry were to be met by 1983, investment of about £140m a year would be needed.

By 1985, 100,000 new jobs would have to be created to replace those lost in the industry. National programmes and support measures would have to be directed towards the general Community aims, he said. Viscount Davignon said the EEC's steel output this year would amount to about 132m tonnes—some 4 per cent up from the 1977 total, but 40m tonnes below full capacity.

THE ALENTEJO

Tug-of-war on land reform

BY JIMMY [illegible] IN LISBON

THE COMMUNIST-RUN collective "A luta e de todos" (the fight is everyone's) seemed remarkably calm considering that it was about to have some [illegible],000 hectares of its best land handed back to private ownership. The secretary of the collective was three hours late for an interview and when he walked in carrying a half-cocked shotgun, I presumed he had been involved in a local confrontation with the riot police. In fact, he had been shooting rabbits.

"A luta" is one of a number of collectives destined to be on the raw end of the Agrarian Reform Law. The law, passed last summer, aims to settle the complex tangle of ownership rights in the Alentejo, where, following the April, 1974, revolution, some 2.5m acres of private land was seized by peasants.

Within three months of the passing of the law, 75,000 hectares of the seized land was returned to private hands. The matter was left in abeyance during the six-month Socialist/Conservative administration which fell last July as a result of Conservative anger at the non-application of the law. The Socialists argued that the Alentejo was a politically sensitive area which would be embroiled in violence if such controversial legislation was applied without patient dialogue between all involved. Their view was based on the fact that the 75,000 hectares of expropriated land was returned only after clashes between paramilitary police and peasants in the area.

Now controversy has returned to the Alentejo under the present caretaker administration of Sr. Alfredo Nobre da Costa. Last month, Sr Vaz Portugal, his Minister of Agriculture, ordered the resumption of land returns and sent paramilitary units into the Alentejo [illegible]. So far some 12,500 hectares of land has been handed over to private ownership by the [illegible] Costa administration. Sr. Carlos Mota Pinto, the Prime Minister designate, has indicated that he will apply the same policies.

My stay at A luta formed part of my third visit to the Alentejo. A week before I watched a line of grey-uniformed paramilitary police faced a group of angry peasants threatening to re-occupy their land. In the nearby town, doctors were treating women and children for truncheon blows received that morning.

There are signs that the violence is receding and that Sr. Mota Pinto may be taking his gamble only after his predecessor had succeeded in calling the bluff of the Communists. But unlike this time last year when the then minority Socialist Government first attempted to return expropriated land to [illegible]

Mota Pinto

It is now difficult [illegible] organised [illegible] the Alentejo.

[illegible] with the attitude of [illegible] Government officials united in their [illegible] to resolve the [illegible] land ownership in [illegible] Their motivating spirit is chiefly the Portuguese [illegible] General Antonio Ramalho Eanes, who is intent on [illegible] that laws passed by Parliament are carried out.

[illegible] agricultural official [illegible] Alenteja operations echoed the feeling. "We [illegible] the law so as to [illegible] prestige to the State and to Government," he commented.

[illegible] attitude is dismissed by Communist spokesmen, who [illegible] Government [illegible] as a planned attack on the "conquest of the revolution" and as an attempt to restore the authoritarianism of the past. The party's failure to sustain a fight against such measures is perhaps the clearest sign to date of its pragmatism—an aspect often ignored by observers who regard it simply as Moscow-orientated and inclined towards anarchic bids for power.

When pressed, the more honest of party militants admit that "the objective conditions" are not ripe for any open defiance of parliamentary democracy. They have learnt the lesson of 1975, when their attempt at carrying the revolution to its ultimate conclusion was brought to an abrupt halt.

Significantly, one of the men most responsible for teaching that lesson is the present President of Portugal. He is also chief of the armed forces, now purged of left-wing idealists and ready to come down hard on the Communists if they get out of hand.

"The military remains one of the great unknowns. We cannot know for certain how they would react, but neither can we risk trying to find out," a young Communist told me recently.

Although it is difficult to prove, it seems likely against this background that the more violent reactions in the Alentejo are coming from collectives less firmly controlled by the Communist Party than observers had been led to believe.

If politics remains at the heart of the issue of agrarian reform, Government has been spurred into action by additional economic factors. Ministry of Agriculture officials emphasise that until land in the Alentejo is returned to individual farmers there is little hope of the kind of technical improvement so desperately needed if Portugal is to rectify its balance of payments deficit.

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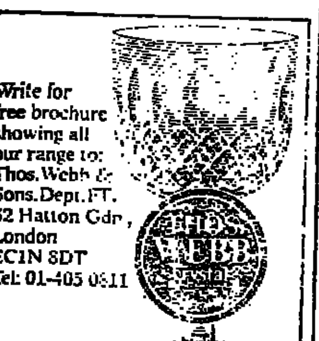
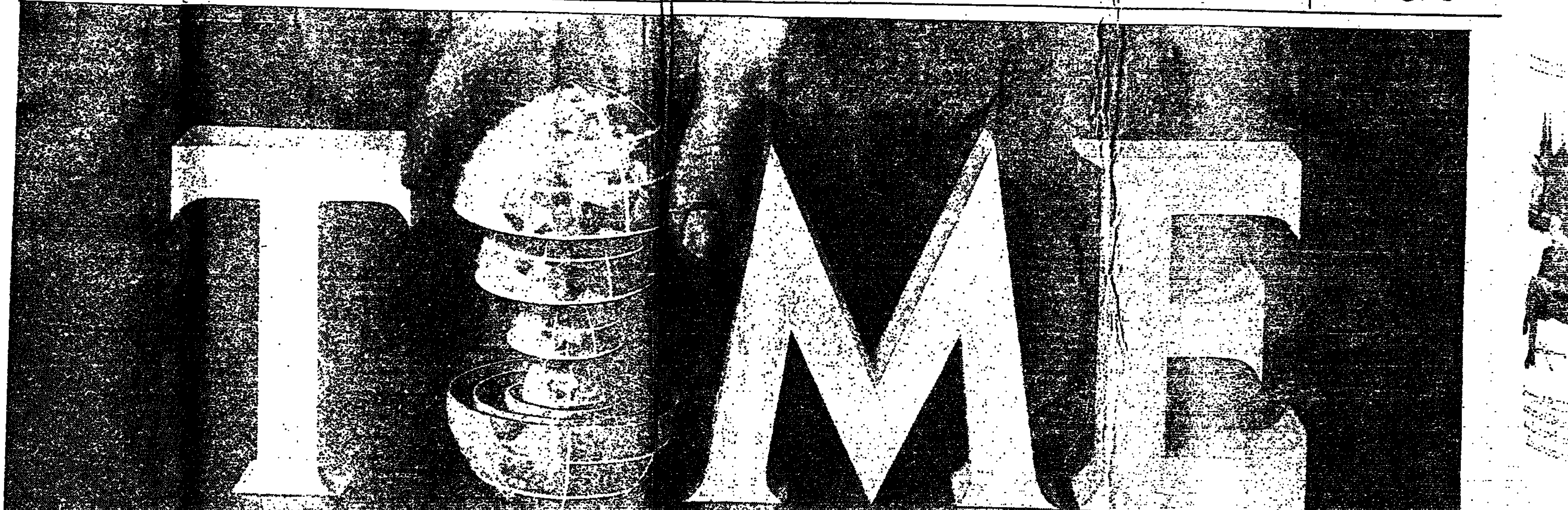




EURO[illegible]AN NEWS

Italy prob[illegible]ms worsen as Andreotti [illegible]aves for Libya

BY PAUL BETTS ROME, Nov. 14.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, left today for a six-day tour of Middle East countries to be followed by a visit to London next week. But he will leave in suspended animation a series of increasingly bitter domestic problems now putting renewed pressure on his fragile minority Christian Democrat Government.

While the Communist Party, on whose support his minority administration effectively depends, is hardening its attitude towards the Government and is again demanding direct Communist participation in the Cabinet, Sig. Andreotti is also coming under attack from his own Party.

The latest tensions between the Prime Minister and his Party involve a much-awaited minor Government reshuffle following the appointment last month of Sig. Carlo Donat Cattin, the Industry Minister, as the Christian Democrats' new deputy secretary-general.

The Prime Minister is understood to have wanted to replace the retiring Industry Minister with Sig. Romano Prodi, a respected economist from Bologna University who although not a member of the ruling party has close sympathies with the Christian Democrats. At the same time, Sig. Andreotti was to choose a candidate as Minister of Public Administration, a newly created Cabinet post to co-ordinate union relations and wage negotiations especially in the public sector.

However, Sig. Donat Cattin angrily [illegible]sed the proposed nomina[illegible] Sig. Prodi claiming he [illegible]ot been consulted. In par[illegible] Sig. Donat Cattin is insist[illegible] should be replaced by a [illegible] of his faction of the rul[illegible]rty, the so-called "forze [illegible]" so as to preserve the cu[illegible] balance of the various Chr[illegible] Democrat factions in the [illegible] Cabinet.

The atti[illegible] the Industry Minister, w[illegible]y has moved from the Le[illegible]s party to the centre Right [illegible]s become one of the fierces[illegible]s of the Communists, has [illegible] irritated the Communists. [illegible] attempt to defuse the a[illegible] Sig. Andreotti has now dec[illegible] consult the political par[illegible]pporting his Government [illegible] issue after his return from London next week.

Explos[illegible]ces went off in Florenc[illegible] in two other Tuscan [illegible]ate Monday and early [illegible] injuring six people. [illegible]ge was limited. In an [illegible]mous telephone call a [illegible] voice claimed responsi[illegible] for the "fighting pro[illegible] squads," a little k[illegible] left-wing terrorist gro[illegible]rts AP.

Investi[illegible] linked the bombings [illegible] trial currently under wa[illegible] of two accused members [illegible]e group, Sig. Renato [illegible] and Sig. Stefano N[illegible] two, both 25, are charge[illegible] bombings and violence.

Two b[illegible] went off in Florence, [illegible] Pisa and one in Prato. [illegible]argets ranged from a p[illegible]tation to the house of [illegible] former Communist ma[illegible].

Although recent declarations by Sig. Enrico Berlinguer, the Communist Secretary General, criticising the Government are in part motivated by the local elections in the northern region of the Trentino Alto Adige next Sunday, the Communists are nonetheless finding the present governing coalition increasingly uncomfortable.

In this respect the local elections on Sunday will represent a general test for the country's political forces despite the particular local issues of this partly German-speaking region which are likely to have a major influence on the polls.

Sig Andreotti is also coming under pressure from the trade unions making heavy weather of the Government's attempts to introduce an incomes policy as part of an overall medium-term economic recovery plan. Constant reminders of the level of discontent in the country are the continuing strikes in a series of key sectors, including transport which have transformed a relatively simple journey from Rome to Milan into a minor safari.

All these issues will have to be tackled by the Prime Minister after his return from his tour to Libya, one of Italy's main oil suppliers, Egypt, Jordan and Iraq, and subsequently London. In London Sig. Andreotti will discuss the proposed European Economic Monetary System (EMS) with Mr. James Callaghan at a time when both Britain and Italy are expressing growing misgivings about the Franco-German monetary proposals.

UK urged to c[illegible]rify EMS stand

BY DAVID WHITE BASLE, Nov. 14.

MR. GORDON RICHARDSON, governor of the Bank of England, was pressed by fellow EEC central bankers here today to clarify the UK authorities' position on the proposed European monetary system (EMS) following reports that Britain intends to stay out when the scheme is launched next year.

The governors, gathered for a meeting of major Western central banks at the Bank for International Settlements, form one of the principal committees charged with drawing up details of the currency scheme. They last met in Brussels in late October, and are due to provide a report for next week's meeting of European Finance Ministers.

Despite the problems posed by Britain's strong reservations about EMS, the [illegible] favourable reaction here [illegible] the British Government's [illegible] domestic monetary measu[illegible] the [illegible] point rise in minimum [illegible]ing rate—and its expressio[illegible] determination to enforce [illegible]ict wages policy.

The EEC banke[illegible]led basic technical points [illegible]ill have to be resolved in [illegible] to fulfil the Bremen EEC [illegible] timetable and start EMS [illegible] 1.

These include [illegible] for ensuring that [illegible] parity changes can [illegible] made smoothly without disru[illegible] the system. Flexibility is s[illegible] by weak-currency countries [illegible] as Italy, even if they are [illegible] modated within a wider [illegible] tion band than the rest.

Mr. Roy Jenkins, presiden[illegible] [illegible] European Commission, who was here yesterday to speak at Basle University, said in answer to a question that the facility for changes should be made like divorce—possible but not too easy.

The bankers also discussed different views on intervention rules. The weaker-currency countries want central bank intervention triggered when a currency—even a hard one—deviates from the average, rather than waiting for one currency to hit its floor against another in the "parity grid."

The West German Bundesbank has accepted the idea of an "early warning system" but has rejected any [illegible] obligation for strong currency countries to intervene [illegible] their currency [illegible] of nine.

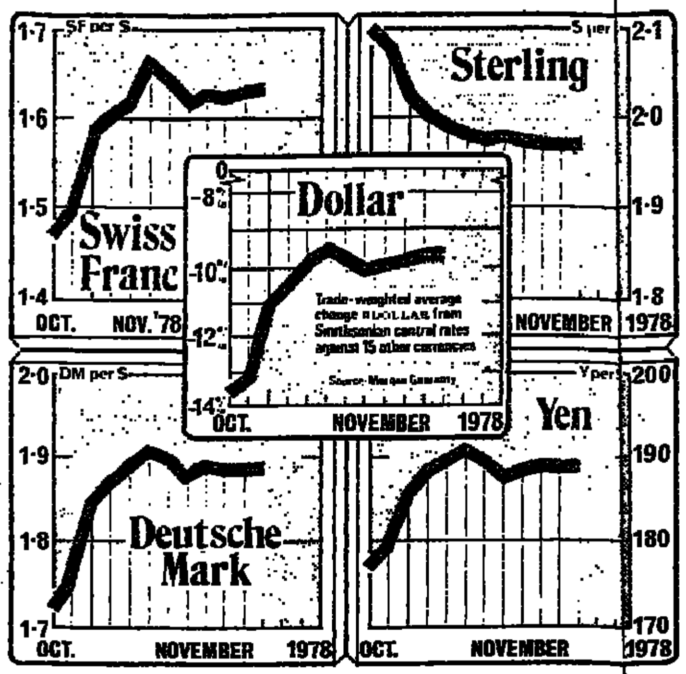
AMERICAN NEWS

AFTER THE RESCUE: FEELING THE PULSE OF THE DOLLAR

THE DOLLAR has recovered sharply since the Administration of President Carter announced its major support package a fortnight ago, writes Michael Blanden.

The sweeping U.S. moves have succeeded in the sense that the dollar has picked up. From its worst levels just before the news, it has improved by around 9½ per cent against the West German D-Mark, by some 11 per cent on the Swiss franc and by about 6½ per cent compared with the Japanese yen.

Nevertheless, as a demonstration of U.S. determination to put its position right, the measures have not yet convinced the foreign exchange market and holders of dollars, including some central banks. They remain worried about the underlying U.S. inflation and its external deficit.



Frankfurt: Firm stand by the Bundesbank

By Guy Hawtin FRANKFURT, Nov. 14.

THE DOLLAR has remained stable on the Frankfurt foreign exchange markets, following the considerable backing that the West German authorities have given the Carter administration's package. The Bundesbank, West Germany's central bank, did not intervene at the fix either yesterday or today, but dealers here believe that it has been intervening in the market.

The Bundesbank would not say how much West Germany's bank has spent on supporting the dollar so far. However, bankers claim it is considerably less than in the first week of November, when West Germany's currency reserves rose DM 1.6m to DM 100.2bn ($53.14bn).

It appears that the market expects things to remain quiet for the next couple of months or so. This is because the Bundesbank is committed to supporting the dollar.

A leading banker here said: "The Bundesbank is on the line to keep it stable, whether this resolve—and the available cash—will go beyond the short term remains to be seen.

"There is nothing much to radically alter the dollar situation in the whole package, and I don't think the fundamentals of the dollar's problems have been changed. Another banker described the situation as "a war of nerves." Dealers, he said, clearly believe that the dollar would continue to go down without Bundesbank support, and it was only its intervention which has prevented a decline. He described the situation as "stalemate."

One view is that there were so many dollars in circulation that it seemed there would be little alternative but for a further decline. With $100m coming onto the market monthly, as a result of interest on Euroloans, supply was far outstripping demand.

Some concern was expressed about the American plans to raise short-term loans in the market.

U.S. COMPANY NEWS

U.S. Steel to build casting plant in Ohio: Appointment of new Kennecott chairman imminent: H. and R. Block plans to diversify—Page 30

New York: traders impressed by level of intervention

BY STEWART FLEMING NEW YORK, Nov. 14.

FOREIGN EXCHANGE traders in New York have been impressed with the high level of intervention activity which they have detected by the Federal Reserve system since President Carter unveiled the dollar defence strategy at the beginning of the month.

Some dealers suggest that, although the authorities do not give firm indications of the amount of money they are spending to support the dollar, the intervention techniques that have been used have frequently been deliberately quite overt. A common figure cited is that of between $[illegible]bn and $3bn having been committed so far.

One de[illegible]er suggests that at this stage the most important factor is [illegible]ot the proportion of the swap line facilities being committed but rather the clear appearance that the central bank is vigorously endorsing the Administration's commitment to the dollar.

Looking to the future, it is argued that for the time being the markets will not be disturbed by heavy central bank spending, provided that at some point it does clearly result in a change of sentiment. Clearly, however, if the markets continue to be nervous as the support funds are drained the spending will cease to be a positive factor—demonstrating the U.S. authorities' commitment—and will be interpreted as another reason for anxiety.

Before that, however, the levels of intervention will undoubtedly become more carefully disguised.

Zurich: better re[illegible]ations

BY JOHN WICKS ZURICH, Nov. 14.

THE U.S. package, coming after a set of measures announced a month earlier by the Swiss national bank to bring down the Swiss franc rate, has contributed to what are considered less unreasonable relationships between the Swiss franc and other currencies.

Switzerland is particularly relieved that the U.S. has apparently given up its policy of benign neglect towards the dollar. There is growing optimism about the exchange rate, although the move is seen as long overdue and even bankers with a fundamentally positive attitude on the dollar say it will take some time for the market to regain confidence.

The Swiss national bank has continued to intervene in favour of the dollar since the start of this month. The growth of its currency reserves in the first week of November (by SwFr 786.9[illegible] to the record of SwFr 26.6[illegible]) was due mainly to interventions, even though the [illegible] effect of these dollar purchases was part[illegible]ly offset by dollar transfers [illegible] banks in respect of conversio[illegible] out of Swiss francs for the proceeds of foreign borrowin[illegible].

Nation[illegible] bank interventions are cost[illegible] Switzerland a good deal of [illegible]ey, but in view of the necessity for internal economic reasons [illegible] lower the Swiss franc parity, [illegible]y may be expected to continue for some time yet.

The [illegible]ark crossrate, which had bee[illegible] causing most concern to the S[illegible]ss, is well up again to more th[illegible] 86 centimes, against its Septe[illegible]ber low of little more than 75 [illegible]times. This is something of [illegible]riumph for the monetary auth[illegible]ty, which, on October 1, had ta[illegible]n a D-mark rate of over 80 [illegible]times as a reference point for [illegible]re foreign exchange policy. [illegible]is thought possible, though, th[illegible] the likelihood of the New York [illegible] concentrating on the dollar-[illegible]rk rate rather than that again[illegible] the Swiss franc could indi[illegible] the D-mark [illegible] against the Swiss franc.

Tokyo: $1.5bn committed

BY RICHARD C. HANSON

THE Bank of Japan is estimated to have purchased about $1.3-1.5bn in the Tokyo foreign exchange market since the U.S. treasury and Federal Reserve announced the dollar defence measures. About $1bn was soaked up in Tokyo on the day after the measures were set, as a flood of export covering hit the Tokyo market taking advantage of the overnight reversal in the dollar's decline.

The central bank is estimated to have bought an additional $300m during two days of pressure against the U.S. currency last week.

The New York Fed—while concentrating the bulk of its attention on the West German mark—may have bought up to $300m in New York against the Yen since the measures were announced.

The feeling among traders in Tokyo is that the intervention so far has stabilized the market. But they also agree that it is only the intervention which has brought about the stability and the price for continued calm could be high.

The U.S. has yet to make any positive move toward floating Yen-denominated U.S. bonds in Tokyo which could lessen the chances of pressure building up again. There is some hint of dissappointment that the U.S. has not sounded out Tokyo yet. Mr. Takehiro Sagami, Vice Minister of Finance for International Affairs, recently has said that Japan believes the present package of defence measures, will not stand a chance of working indefinitely unless there are clear, tangible signs of improvement in both the U.S. trade balance and the economy. He is optimistic that such signs will be forthcoming.

Some optimistic signs of continued stability have slowly creeped into the market here. Export bill covering (selling dollars for yen)—has slowed from the record $1bn daily pace on November 2.

AMERICAN NEWS

Mexico is joining the major oil nations. **William Chislett** reports.

Portillo learns the power and politics of petroleum

MEXICO TOOK a big step closer to becoming a world oil giant when Senor Jorge Diaz Serrano, director of Petroleos Mexicanos (PEMEX), the state-owned oil monopoly, announced the discovery of a new oil region in the state of Tamaulipas and Veracruz with potential reserves of 100bn barrels.

This increases total potential reserves by 50 per cent to 300bn barrels, or twice as much as Saudi Arabia's proven reserves.

The question now is whether it will be economic to get at the oil. Up to 16,000 wells are needed because of the tight rock formation, more than PEMEX has drilled in its 40-year history. Other questions are: when can exploitation start and why did Mexico choose to make the announcement now?

PEMEX never ceases to amaze with its figures. At the beginning of the year proven reserves of crude oil totalled 16bn barrels; probable reserves 31bn barrels and potential reserves 120bn barrels. Then in September the Mexican President Sr Jose Lopez Portillo announced that further exploration meant that these figures had to be revised upwards to proven reserves of 20bn barrels, probable reserves of 37bn barrels and potential reserves (which include the proven and probable figures) of 200bn barrels.

Saudi Arabia's proven reserves are 150bn barrels and the UK's 19bn. Mexico is currently producing 1.4m barrels a day (of which 300,000 b/d are exported), compared to Saudi Arabia's estimated daily production of 10m barrels—its output having been increased from the production ceiling of 8m b/d after the Iran troubles.

Mexico intends to increase its daily output to 2.2m by 1980 so releasing 1.1m b/d for export.

Now, with this latest discovery, potential reserves should be revised to 300bn barrels, but *interestingly they still officially* remain at 200bn.

The fact that PEMEX is still sticking to its old figure reveals the complex psychology of this vast organisation. With assets exceeding $11bn; sales this year probably worth over $5.4bn and a staff of 100,000, it is the largest corporation in Latin America.

On the one hand, PEMEX is displaying its traditional extreme caution in announcing new discoveries and on the other by announcing this latest discovery at the annual meeting of the American Petroleum Institute, PEMEX is displaying a new and surprising brashness.

It is accepted that PEMEX has always under-estimated its reserves for nationalist and political reasons. This policy would now appear to be changing under President Lopez Portillo. Since he came into office almost two years ago, reserves have increased far more greatly than under any other President.

Why has there been a change in policy and less caution with the zealously guarded reserves? (Mexico was the first country in 1938 to nationalise its petroleum industry).

Some observers, including U.S. diplomats who are following this issue very keenly, suggest that an important reason for the announcement is a domestic political one.

"The Government wants to show that their children and not their children's children, will benefit from the money which the oil will bring in," said one diplomat here.

Senor Lopez Portillo is giving the highest proirity to oil with PEMEX investing between $17bn and $20bn for the period 1977-82.

Oil, Government officials admit, is the last opportunity Mexico will have to put right some of the ills of its fundamentally weak and unbalanced society. Unemployment is high, the population is increasing annually at around 3.5 per cent and the agricultural sector employs 40 per cent of the workforce and only produces 9 per cent of the GDP.

There would seem to be a deliberate campaign to impress upon the people that Mexico has vast oil resources and that the country can be lifted up with the foreign exchange earnings which crude exports will bring in. In private, senior Government officials admit that this will enable the Mexican state to be strengthened and so bear possible social-upheaval in the future.

Another reason behind the announcement is undoubtedly connected with Mexico's relations with the U.S., with whom it shares a 2,000-mile-long frontier. Relations between the two countries are not very smooth at the moment. It is perhaps significant that on the same day that the new oil discovery was disclosed, the Mexico Foreign Ministry also announced that President Carter will make his first trip to Mexico this February.

The Mexican Government is very keen to promote the image that Mexico is a power to be reckoned with and cannot be exploited by the U.S. The U.S. buys 86 per cent of Mexican-exported crude oil and is also very much in the market for buying Mexican natural gas.

Negotiations for the sale of 1.7m cubic feet of gas per day for six years for $2.60 per 1,000 cubic feet to six U.S. gas distribution companies were broken off last December after the U.S. Energy Department protested at the price. As a result, the Mexican Government abruptly said it would change its policy and use all its gas for its own domestic needs and only export gas if there was any left, so releasing more oil for export.

But this policy could backfire and prove even more expensive following the latest oil discovery for it is estimated that apart from the potential oil reserves of 100bn barrels, there is also a potential natural gas reserve of 40,000bn cubic feet.

Most of Mexico's gas is associated natural gas as it is obtained with the oil—as opposed to dry gas from separate wells—and so gas reserves, like those of oil, are very high.

Already it is reliably estimated that Mexico is having to burn an average of 400m cubic feet a day worth $1m as a result of the 1.4m barrels of crude which are being produced every *day and the domestic gas pipe*-line complex has not yet been completed.

And if exploitation of the new oil basin is started quickly, even more gas will have to be flared. PEMEX has not decided when to start development of the basin nor has it said how much it will cost. The basin could be developed over a period of 13 years and it would involve constructing a whole infra-structure in the area with over 1,000 miles of roads and railway track. But no starting date has been given. PEMEX is in no hurry to get at this oil, particularly as it could be costly because the rock in the basin is not very porous.

Calculating on a conservative estimate of $2 to produce each barrel of on-shore oil this would mean that at least $200bn would be needed in investment if every barrel of the 100bn potential reserves were to be extracted. It is not known how much of this oil is obtainable. But as Mexico sells its oil at $13.10 a barrel—higher than OPEC to which it does not belong—the new discovery is considered well worth extracting. However, other sources say that it costs PEMEX far more than $2 to extract each barrel and that profits in this new operation might not very great.

But PEMEX is showing no haste and knows that it can afford to wait and use the new discovery as a psychological trial of strength and even a possible bargaining weapon with the U.S. over such issues as allowing Mexican immigrants into the U.S.

And only last month, PEMEX announced that off-shore production of crude and natural gas is under way in the Gulf of Campeche, which is part of the Gulf of Mexico. Off-shore production is expected to start for the first time next year with probable reserves in the Gulf of Campeche, estimated at 20bn barrels. This represents more than the proved reserves of Venezuela and like the new 100bn potential reserve figure is not included in the official figures.

Japan price index falls

BY RICHARD C. HANSON

TOKYO, Nov. 14.

WHOLESALES PRICES in Japan last month saw the steepest decline in nearly 20 years largely as a result of the appreciation of the yen, the Bank of Japan said today. The wholesale price index was down four per cent from a year earlier and 0.6 per cent from September to stand at 102.5 (1975 equals 100). It was the fifth consecutive month-to-month decline, the 12th month of annual drops, and the biggest plunge since a 5.2 per cent annual fall in December 1958. The central bank said the appreciation of the yen against the dollar of 3.2 per cent in the month more than offset price increases in nonferrous metals and some other imported items.

Generally, the highe yen has meant lower costs fo: imported raw materials.

The recent relativly stable conditions in the foreign exchange market coud lead to some monthly increas in prices in November, but thedownward trend in prices is expected to continue into the ner future.

AP-DJ reports fro Tokyo—Japan's crude steel output in October exceeded 9 tons, the first time since Decmber 1976 that monthly production has topped that level, th Japan Iron and Steel Fedeation said Tuesday.

Total output was 9.046m tons, up 5.7 per cent from September, and up 6.4 per cent from the like year-earlier month, it said.

Orders for new Boeings expected

By John Wyles

NEW YORK, Nov. 14.

A FRESH PACKAGE of orders for Boeing's new generation of aircraft, including possible first orders for the planned 777 Trijet, are expected soon from two leading U.S. airlines.

Delta Airlines is believed to be close to announcing orders for up to 20 Boeing 77s, which should be worth more than $1bn. These will be the first orders for the new wide-bodied twin-jet since United Airlines ordered 30 in a $1.6bn deal in July.

Delta, United, and American Airlines have each been involved in preliminary design consultations with Boeing, and it is being widely speculated in the airline industry that American will announce the first orders for the proposed wide-bodied three-engined design, the 777. This would be a considerable coup for Boeing which may, as a result, net orders for all its three new designs within six months. In September, British Airways and Eastern Airlines provided the first batch of orders for the narrow-bodied 757.

Development and start-up costs in developing these designs are expected to cost Boeing more than $4bn over the next four or five years, but the company's balance sheet has strengthened by a significant increase in orders this year for its established designs. However, its new aircraft often marked operating advantages over the present generation, and are aimed at the $63bn which U.S. airlines are expected to spend on new equipment by 1990.

After studying rival designs, including those of Airbus Industrie, the European consortium, and of Lockheed, Delta is thought to have opted for the Boeing 767, with first deliveries in 1982. Delta, one of the U.S.'s most wealthy airlines, with comparatively one of the youngest fleets, Delta's support for the 767 can be expected to unlock further orders for Boeing from other U.S. carriers.

In addition to ordering 777s, American Airlines may also place orders for some 767s.

Teng flies home

PEKING, Nov. 14.

CHINA'S senior Vice-Premier, Teng Hsiao-ping, returned to Peking tonight after a 10-day visit to four countries—Thailand, Malaysia, Singapore and Burma.

Mr. Teng stopped in Rangoon for two hours today on his way home. He was greeted at the airport by President U Ne Win, U Maung Maung Kha, the Prime Minister, and Brigadier Myint Maung, the Foreign Minister.

Reuter

OVERSEAS NEWS

Botha promotes moderates

BY QUENTIN PEEL

JOHANNESBURG, Nov. 14.

MR. P. W. BOTHA, the South African Prime Minister, announced a major reshuffle of his Cabinet today, promoting some of the most notable moderate figures in the Government.

The move is seen as the first clear indication of the direction of Mr. Botha's regime, since he was elected Prime Minister in September, and is a major setback for the conservative wing of the ruling National Party. However, it coincides with the announcement by Dr. Andries Treurnicht, ideological high priest of the extreme-right, of his intention to stand for the Transvaal provincial leadership of the party. If he succeeds, it could start a serious rift.

Both events result from the resignation of Dr. Connie Mulder, the Minister of Plural Relations and Development, and former Minister of Information, after the scandal over alleged misuse of government funds in his former Information Department.

The most dramatic promotion announced by Mr. Botha is that of Dr. Piet Koornhof, generally considered the most outspoken moderate in the Government, to become Minister of Plural Relations, the crucial portfolio responsible for black affairs and race relations. The other key post affecting South Africa's majority black population, that of Minister of (black) Education and Training, goes to a noted moderate, Mr. Pun[illegible] now the [illegible]

Dr. Koornhof, [illegible] has been Minister of Sport [illegible] instrumental in pr[illegible] multi-racial sports [illegible] to the disgust of cons[illegible] Mr. Janson is prom[illegible] from the obscure non-Cabinet post of Deputy Minister [illegible] Social Welfare and Pensions.

Several other [illegible] moderates and close support[illegible] of the Prime Minister win [illegible] promotion. Mr. Chris Heunis [illegible] Minister of Economic Affairs, is given the added portfolio [illegible] Planning and the Environment [illegible] Mr. Hennies Smit, the Minister of Coloured Relations, gets [illegible] additional Statistics portfolio.

The reshuffle [illegible] does not appear to allow for an early return to the Cabinet [illegible] Mulder. It also passes over [illegible] Treurnicht's claims to promotion. He remains as Deputy Minister of Plural Relations. This could be seen as a deliberate attempt by Mr. Botha to [illegible] Dr. Treurnicht's undoubted conservative support in Transvaal, the most powerful province in the country [illegible] half the National [illegible] MPs.

Dr. Treurnicht [illegible] known as "Dr. No" in the opposition Press because of [illegible] refusal to countenance [illegible] dilution of apartheid, is not even a Cabinet member, but he is credited with a real chance of winning the Transvaal provincial leadership against known moderates.

The reshuffle is an undoubted victory for the so-called "verligte" ("enlightened") wing of the National Party, but it does not herald a departure from South Africa's policy of separate racial development. The attitude of the moderates is rather that the policy should be carried out more humanely, and more rapidly, than the conservatives wish.

● Quentin Peel adds: Pretoria diplomatic sources believe a meeting between Dr. Kurt Waldheim, the UN Secretary-General, and Mr. Pik Botha, the South African Foreign Minister, could be arranged, after the Security Council resolution demanding South African compliance with the UN plans for Namibia (South-west Africa).

Reaction in South Africa to the UN resolution, which threatens to consider sanctions if Pretoria does not comply with proposals for UN-supervised elections in Namibia, has been generally one of relief that the move does not commit the Security Council to irrevocable action.

Rhodesia postpones poll decision

BY TONY HAWKINS

SALISBURY, Nov. 14.

RHODESIA'S TRANSITIONAL Executive Council today postponed until Thursday its decision on the timing of free elections and the handover to majority rule, originally scheduled for December 31.

After a four-hour meeting today, the Council said that in view of the importance attached to the timing, the decision should be taken at a joint meeting of the Executive Council and the Council of Ministers on Thursday. Two of the black nationalist parties are demanding that the election be held next month, despite the fact that the one-man, one-vote constitution has still not been finalised, while Mr. Ian Smith and Chief Jeremiah Chirau, both want the elections delayed.

Mr. Smith favours delay because the constitution is not ready and he has promised to hold a referendum of white voters before putting the necessary legislation for changing the constitution to his Parliament.

In addition Mr. Smith is anxious there should be an all-party conference on Rhodesia and he therefore favours delaying the el[illegible] to give Britain and the [illegible] time to convene a conference.

Chief [illegible] wants the elections [illegible] because he strongly [illegible] an all-party conference and fears that elections [illegible] a conference would [illegible] recognised international [illegible]

But Bishop Muzorewa, who left this morning's meeting looking grim, is demanding that the December 31 handover date be met, and is apparently being supported by Dr. Elliot Gabellah, Rev. Sithole's deputy, who is attending today's meeting in Mr. Sithole's absence overseas. The Rev. Sithole is due back in Salisbury tonight which is another reason for postponing the decision until Thursday.

Meanwhile sources close to the transitional Government said today that it looked impossible to hold the planned referendum on the acceptability of the new constitution later this year. The sources said they expected the referendum to be held in January

South Korea increases defence spending

SEOUL, Nov. 14.

THE SOUTH Korean National Assembly has approved a 1979 budget ceiling for a 28.9 per cent increase in spending and allocating more than a third of the total for defence.

The budget set at 4,534bn won (US$9.44bn) in both revenue and expenditure foresees a [illegible] per cent real growth in gross national product (GNP), with per capita income planned to rise to $1,350 from projected $1,060 in 1978.

Defence expenditure, amounting to 1,559bn won ($3.25bn), represents 34.4 per cent of total spending, or a gain of 24.5 per cent from this year's level. About 35 per cent of the military expenditure will be met by defence surtaxes.

South Korea, to make up for the planned phase-out of 32,000 U.S. ground troops here over the next five years, is developing its own arms industry and expanding its forces with costs estimated at $7bn, including $1.95bn in American military sales, credits and arms transfers.

Reuter

هكذا من الأصل

Sadat sends [illegible]is Vice-Presid[illegible]t to stalled peac[illegible] talks

BY ROGER MATTHEWS CAIRO, Nov. 14.

EGYPT'S Vice-President, Hosny Mubarak is being dispatched to Washington for talks with President Carter tomorrow on the crisis afflicting progress on a peace treaty with Israel.

President Anwar Sadat said today in the town of Ismailia: "We are demonstrating our determination to reach an overall peaceful solution. If Israel will not respond then this is their responsibility and they will have to face the whole world."

Snags have arisen over Egypt's determination to link the bilateral peace treaty to progress on solving the future of the Palestinian people living on the Israeli-occupied West Bank of the Jordan and the Gaza strip. Sources close to Mr. Sadat again insisted that the President was prepared to suspend negotiations with Israel and recall its team from Washington if greater flexibility was not shown. However, there is still no clear indication of whether Mr. Sadat is encouraging such "leaks" as part of his negotiating technique or whether he is prepared to put the Camp David framework agreements at serious risk.

Mr. Sadat yesterday sent a note to President Carter, and called in U.S. Ambassador Hermann Eilts again today to transmit another message. The Egyptian President also announced that Mr. Mubarak would be carrying yet another letter [illegible] Mr. Carter. This letter, [illegible]ed, would explain Egypt's [illegible]on fully.

Dr. B[illegible] Ghali, the acting Foreign [illegible]er, is due in Cairo late ton[illegible]ving been recalled for the [illegible] time in just over a week [illegible] the Washington negotiat[illegible].

The E[illegible] Press is meanwhile r[illegible] new peaks of indignat[illegible] the role played by Saud[illegible]bia and Kuwait during t[illegible]ab summit conference [illegible]ended last week in Baghd[illegible].

Jurek M[illegible]ds from Washington: [illegible]nt Carter last night de[illegible] disagreements holding up [illegible]ddle East peace negotiation[illegible] relatively insignifica[illegible] for the second time in [illegible] a week he expressed [illegible]rritation with the delays.

In a tele[illegible] interview, Mr. Carter decl[illegible] ascribe blame for the stal[illegible] though, as was the case in [illegible]sas City Press conference [illegible] Thursday, the tenor of h[illegible]rks appeared to be direc[illegible]ore at Israel than Egypt.

The Presi[illegible] emphasised that another rou[illegible] Camp David-style diplo[illegible] would not necessarily b[illegible]essful. But he again comp[illegible] about leaks from the del[illegible]s in Washington and from [illegible] Governments, which stood [illegible] contrast to the absolute [illegible]blackout that prevailed du[illegible]e summit.

Saudis criticise Eg[illegible]t

BY IHSAN HIJAZI B[illegible], Nov. 14.

THE SAUDI press has come out in defence of its government's policy against attacks by Cairo, while the Arab media as a whole do not take the impasse in the Egyptian - Israeli negotiations seriously.

In an editorial the Saudi daily Al Riyadh expressed regret that "a certain arab state is continuing the negotiations with the Israeli enemy thus according him the chance of appearing to want peace." The Camp David accords, between Egypt and Israel, it said, have failed to ensure the recovery of Arab Jerusalem or re-establish the national rights of the Palestinians under the leadership of the Palestine Liberation Organisation.

During the past few days, Cairo's two top editors known for their close relationship with President Sadat, sharply criticized Saudi Arabia for joining the recent Arab summit conference in Baghdad against the Camp David accords.

Ali Hamdi al Gammal of Al Ahram and Anis Mansour of the weekly magazine October said the Saudis and other gulf governments have now joined the Moscow-led camp.

Observers here wonder if the attacks and [illegible] Saudi retort could be the [illegible]ning of a psychological [illegible]e between the two countr[illegible].

At this time [illegible]elations in Arab and diplom[illegible] sources here had it the Saud[illegible] now want to have arms fac[illegible] envisioned under the Arab [illegible]ization for Industrialisation [illegible] to be established [illegible] o[illegible] Egypt. Although the Sa[illegible] not yet pressing for remo[illegible] the multi-million dollar AO[illegible] out of Cairo, they feel th[illegible] states confronting Israel [illegible] be entitled to the f[illegible]es, the sources said, and a[illegible] that the subject may have be[illegible] at the meeting in Paris [illegible] between Saudi Defence [illegible] Prince Sultan Ben A[illegible] Aziz and President Valery [illegible] d'Estaing. France [illegible] been awarded major contracts [illegible] organisation. French [illegible] ment sources were said [illegible] profoundly worried abou[illegible] future of the AOI.

Newspapers here and in other arab capitals have dis[illegible] present difficulties [illegible] Egyptian-Israeli negotiat[illegible] manoeuvres and said t[illegible] two countries sooner or later [illegible] sign a Peace treaty.

Israel grants 15% pay rise

BY L. DANIEL JERUSALEM, Nov. 14.

ISRAEL'S inflation is likely to be increased further with the Government agreement to across-the-board wage and salary increases of 15 per cent for all Government employees. They also granted a retroactive one-time rise of 7 per cent for the period July 1977 to March 31, 1978. The 15 per cent increase applies to the two-year period which started on April 1 this year, and is additional to the automatic cost-of-living increments paid semi-annually, which compensates for 70 per cent of the rise in the consumer price index.

Various groups of civil servants still plan to put in claims for extra payments for unsocial hours, as well as for perks like cars, telephones, and clothing allowances.

Elementary school teachers have already been granted an additional 10 per cent above the basic 15 per cent, while secondary school teachers are out on strike, holding out for higher pay. A further sharp rise in the cost-of-living index is in sight, the Government having recently approved various price rises to compensate for the higher cost of fuel.

● Reuters reports from Jerusalem: The Israeli military government has warned Palestinian mayors on the occupied West Bank it will ban public meetings if they continue to incite anti-Israel feelings, military sources said.

The sources said the warning followed a meeting of mayors in Nablus nearly two weeks ago attended by 3,000 Palestinians which they said had turned into an anti-Israeli rally.

Amin pulls army out

NAIROBI, Nov. 14.

UGANDAN PRESIDENT Idi Amin has ordered his troops to withdraw from territory they occupied in Tanzania two weeks ago, Radio Uganda announced today.

The radio quoted a message from the President to Sudan's President, Jaafar Nimeiri, the chairman of the Organisation of African Unity (OAU), saying he considered it his duty within the OAU to order "my forces to withdraw to the recognised border of Uganda."

The decision followed intense pressure from other African countries and the OAU, of which Uganda is a member.

President Amin last week announced he was prepared to pull his troops out of more than 700 square miles of territory in North-West Tanzania, provided he was given OAU assurances that Tanzania would not invade Uganda or arm Ugandan exiles.

However, President Julius Nyerere of Tanzania demanded OAU condemnation of Uganda's action and vowed to fight until the Ugandan forces withdrew.

Uganda has claimed its forces struck into Tanzania and occupied land as far as the Kagera River 18 miles inside the frontier in response to a Tanzanian invasion of Uganda. Tanzania has denied its troops ever crossed the border.

Reuter

IMF approves loan to Kenya

WASHINGTON, Nov. 14.

THE INTERNATIONAL Monetary Fund has authorised a $22.4m standby loan to Kenya.

Kenya may borrow currencies up to that amount from the IMF over the next 12 months.

Coffee export earnings declined sharply in recent months and this contributed, the IMF said, to a "sudden deterioration" in Kenya's international payments.

As part of its agreement with the IMF, Kenya will attempt to hold its international payments deficit to about $117m in the 1978-79 fiscal year. Through wage restraints and limiting the expansion of bank credit, Kenya also will try to bring its inflation rate, about 17 per cent in 1977, down to 12 per cent during the coming year, the agency said.

THE SRI LANKA BUDGET

A radical departure from the Socialist past

BY MERVYN DE SILVA IN COLOMBO

"BY ANY standards applicable to a developing country our achievement so far is remarkable," was how Sri Lanka's Finance Minister Ronald de Mel summed up the record of the new government recently.

Tomorrow Mr. De Mel presents the 16-month-old conservative United National Party's second budget.

Since taking office after a run-away election victory the Government of President Junius Jayawardene has adopted an economic strategy which marks a radical departure from the island's social welfarist cum socialist past.

With International Monetary Fund and World Bank blessing it devalued the rupee by almost 50 per cent and drastically reduced food subsidies, a long established feature of the country's welfare system and traditionally one of the most sensitive of electoral issues. The operation has also included a rapid dismantling of the heavily regulated import and exchange controls while there is an increasingly noticeable shift in state patronage from the public sector to private enterprise. Sri Lankan businessmen are confident that the budget will bring more incentives, especially tax reliefs.

Sri Lankan socialism has an inbuilt suspicion of foreign capital. But the new government —in spite of strong opposition from former Prime Minister Mrs. Bandaranaike—has pushed ahead with establishing a free trade zone and introducing special safeguards for foreign investment in the new constitution.

Forty six medium scale industries have been approved by the trade zone authorities and two factories go into production on budget day. The total investment involved is 1.7bn rupees or little over US$1m. 1.1bn. rupees comes from foreign collaborators, mainly Hong Kong based firms.

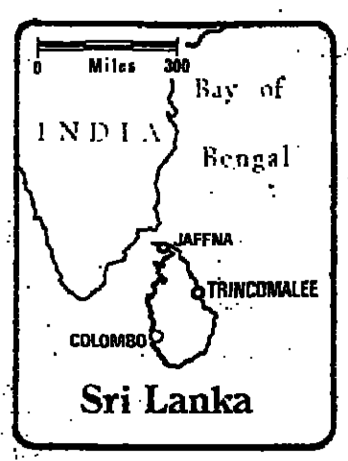
All this represents the most critical change of course in economic policy since Sri Lanka gained independence 30 years ago.

This deliberate and thorough going change has been accompanied by a clear and conscious break with the country's British past through the introduction of a new constitution in which all power is centralised in the presidency.

In most third world countries such sweeping changes would have led says Mr. De Mel to "serious convulsions." The picture certainly is one of surprising calm in spite of outbursts of racial violence and the growth of a Tamil youth extremist movement.

If the failure to fulfil extravagant promises, specially about jobs, has alienated many young voters, rising living costs have spread discontent among urban wage earners and brought new privations to the sprawling status-conscious middle class. Yet the Government has not encountered any organised agitation. A strong disciplinarian who will brook no trouble in the streets or in workplaces, Mr. Jayawardene can claim much of

President Junius Jayawardene



the credit. But part of it must go also to a discredited and squabbling opposition which is unable to unite even on simple readymade issues. Mr. Jayawardene, a clever tactician, has helped to keep these differences alive and the leadership of Mrs. Bandaranaike's Freedom Party, the main challenger, is nerviously occupied with other troubles too.

The People's Liberation Front (JVP) which launched the 1971 youth insurrection is the most popular of the new left groups. Released from jail by Mr. Jayawardene, its leaders have maintained a steady barrage on Mrs. Bandaranaike and her ministers. The state radio and Press have given extensive coverage to the investigations into *Mrs. Bandaranaike's record in* office. Though the appeal court last week gave a unanimous order in favour of Mrs. Bandaranaike and stayed the inquiry a new law will be passed any time now to allow the commission to recommence its work.

Through effectively limiting university agitation and public sector strikes the Government has made a preemptive move against two other potential sources of trouble.

Assessing the Government's economic performance the Finance Minister lists the following achievements. First, the exchange parities have proved realistic and the rupee has held its ground. Second, inflationary pressures have been contained. The official figure is 12 per cent. However Mr. De Mel did not contradict the suggestion that this could be over optimistic. Informed businessmen regard 20 per cent as closer to the truth while Dr. Perera, former Finance Minister says it is over 30 per cent.

The country's credit rating is so high says De Mel that the Government has received many offers of large loans from foreign commercial banks. Eternal assets are larger than at any time in the past 20 years and good enough to cover five months of imports. Though tea production fell during first nine months, prices are still quite good and rubber has retained its bounce. Three record harvests have prompted the Agriculture Minister to predict self-sufficiency in rice by 1980.

Despite import liberalisation, a carefully monitored exercise, there has been no run on exchange. Ninety per cent of imports, says the Central Bank, is capital and intermediate goods. Luxuries account for only 1 per cent. However the high visibility of new life styles is already an irritant. In an exchange starved decade the imported item was the status symbol of a self styled "nescafe society." Now newspaper advertisements announce the arrival of Italian cars, Japanese TVs British air conditioners, French wines, Australian lamb and German beer. Even stall keepers in Colombo's bustling bazaar have abandoned their old one-word sales slogan "imported." With the influx of foreigners, land values and rents in Colombo soar to the rising gorge of middle class residents beating a relentless retreat to suburbia. A familiar advertisement reads "foreign couple needs house in Colombo five, six or seven. Rent immaterial."

Party spokesman admit that no significant impression has been made yet on the staggering problem of unemployment. Well over a million youths, about 20 per cent of the workforce, have to be found jobs if the island is to free from its most explosive cause of social tension.

In the past year 140,000 jobs have been found in the public sector while the private sector has doubled its annual intake. The Finance Minister will announce a five year investment programme of Rs 47bn which includes the three major projects including the Mahaveli River scheme and a housing project for Greater Colombo. Investment will also be made in the plantations industry, tourism, ports fisheries and telecommunications.

Summing up his "unenviable task" Mister De Mel said that welfare programmes cannot be abandoned for fear of depressing living standards but local resources had to be mobilised for development to match the massive foreign aid already pledged. He has to walk a tight rope between inflation and employment he says. He is impotent with textbook solution and ideologies.

Ireland orders new steel plant

By Stewart Dalby

DUBLIN, Nov. 14.

THE STATE-owned Irish Steel holding company has announced contracts in the first stage of a £41m expansion plan which could save 700 jobs at the company's Cork plant.

The company, which is Ireland's only producer of steel has placed orders for £3m worth of plant. This includes a 90 tonne electric arc furnace to be supplied by Tarliaferri of Italy. Concast of Canada will supply a continuous casting machine. Four cranes ranging in capacity from 12 tonnes to 165 tonnes will be supplied by Liebherr (Ireland) which has a plant in Killarney. Irish Steel has been in the doldrums for the past four years having made losses of around £2 a year between 1974 and 1977. For the current year losses are expected to be of the same order.

The Government has, however, decided to persevere with the scheme to keep the company functioning through its £41m development plan. This involves expanding capacity from the present 150,000 tonnes to 300,000 tonnes at which level the plant which deals basically in steel castings and bars would be profitable. Of the £41m which the Government is committed to turning the company around some £15m is expected to come from foreign sources notably in the form of aid from the EEC regional fund.

Polish State visit to Japan crucial for industrial deals

BY CHRISTOPHER BOBINSKI

WARSAW, Nov. 14.

TRADE AND economic cooperation talks will dominate a four day visit to Japan by a Polish state delegation led by Mr. Piotr Jaroszewicz, the Polish Prime Minister, which left here this morning.

The visit takes place against the background of a battle for an integrated aromatics and polyester fibres project which Poland is planning to build at Pila and Plock at a cost of around $300m.

Two Japanese consortia are bidding against a British and West German group which includes Davy Powergas International Projects and a U.S. and West German group headed by Fluor. According to Polish sources here the contract will be awarded by the end of this year.

The Polish visit is the first at this level between the two countries and the delegation includes Mr. Tadeusz Wrzaszczyk, a Vice Premier and chairman of the Planning Commission, the Ministers of the Chemical Industry and of the Machine Industry and the Vice Minister of Foreign Trade.

A $450m private credit line to finance Polish purchases of Japanese goods, which it is thought will run for two years from the beginning of 1979, will be announced during the visit.

The inbalance in trade between the two countries will be discussed and the Polish side will urge Japan to import more and to co-operate in construction projects in such third countries as Algeria, Iraq and Saudi Arabia.

According to Polish figures for the first nine months of this year Polish exports to Japan totalled $39m and imports were $261m. In 1977 the Polish deficit in mutual trade reached $218m.

Polish trade officials expect Polish imports from Japan this year to go up by 20 per cent on last year and exports to stay level. Last year coking coal made up 70 per cent of Polish exports. The Japanese cutback in steel production means that coal exports will drop this year to 400,000 tonnes from 950,000 tonnes in 1976.

Coal exports for the remaining two years of the three-year agreement signed this April will fall between 640,000 tonnes and 800,000 tonnes per annum, the figure to be negotiated at the beginning of each year.

However, the aromatics and polyester fibres project is one of the most important elements of the visit. It is to be based entirely on compensation but Poland's need to cut back capital investment, foreign trade problems, and the oversupply of chemicals in the West puts a question mark over the buyback aspect of the deal. It has led the authorities to drop around a third of the original project.

According to decisions taken last September a new methanol plant with a capacity of 100,000 tonnes a year which was to have been built at Oswiecim has been dropped as has an ethylene oxide and ethylene glycol plant at Plock with an annual production capacity of 30,000 tonnes.

The annual capacity of the main polyester fibres complex has been cut from the 67,000 tonnes originally planned to 42,000 tonnes and the capacity of the green fields DMT plant at Pila has been cut from 120,000 tonnes to 60,000 tonnes.

An aromatics plant producing 100,000 tonnes of paraxylene a year and 72,000 tonnes of benzene remain unscathed as does a small 2,000 tonne polyester film unit at Krupski Mlyn in Silesia.

The detail engineering on the aromatics side of the project is to be done by Polish engineering designers in addition to the considerable input of local supplies and services on the project, originally planned.

The Poles are asking that the Polish input should be financed in the West and some bidders are said to be offering to arrange credits worth $150m to cover this.

It is certain that the Japanese will use the visit to try and improve their chances in a struggle which has been going on for over 18 months but it is unlikely that the contract will be awarded during the visit as not all the bids for the modified version are in.

Italians negotiate Argentine nuclear deal

ROME, Nov. 14.

ITALY'S State engineering group Finmeccanica has reached the "advanced phase" of negotiations to build nuclear power plants in Argentina, a company spokesman disclosed.

Finmeccanica's Ansaldo group faces West German and Canadian competition in obtaining contracts to furnish equipment for the 600 MW plant, Atucha 2, and to construct additional plants on a turn-key basis under licences from U.S. electrical companies.

Negotiators are considering proposals to seek both international financing for the plants, and to arrange a compensation agreement in which Argentina would exchange "raw materials" for the power plants, the spokesman said. Argentina would be most likely to export meat to Italy in any compensation accord, although the EEC would have to approve such a deal.

Finmeccanica said it will give Argentina a detailed proposal before December stating its terms for construction of nuclear power facilities in the country.

● Parsons Peebles Motors and Generators, a member of Northern Engineering Industries, has sold at this week's British Industrial Exhibition in Mexico City a further eight electric motors, bringing the value of its sales in Mexico over the past few months to £1.5m.

Shortage of funds to buy aircraft worries airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENEVA, Nov. 14.

THERE is considerable concern among the world's airlines over their ability to find the £40bn to £45bn they will need to pay for their new aircraft purchases over the next decade, it was made clear at today's session here of the International Air Transport Association's annual meeting.

A report prepared for the association on "Airline Needs and Sources of Capital," suggested that at current levels of earnings only about one-third of this money could be found from internally generated funds.

"The ability of the industry to raise the remainder of the funds externally will depend on its economic performance," said the report. "Measured in terms of profitability and debt-net worth ratio, the industry is and remains far short of the normally accepted standards.

"This has meant a reduction in the availability of funds from traditional institutions such as commercial banks and insurance companies and a greater dependance on innovative forms of borrowing, albeit under less favourable terms."

The report suggests that in future sums are only likely to be made available under more onerous terms than previously. "The industry can only ease such burdens by improving its internal cash flow and profitability," it comments.

The report adds that the airlines should take advantage of the current period of improving profitability to issue equity capital while the le... institutions such as the ... Export-Import Bank ... should be encouraged to re... that current aircraft ... longer working lives so th... periods of the loans exte... to buy them can be incre... up to, for example, 15 year... against the current 7 to 10 ye...

At the same time, it is suggested that governments should be made ... that one of the conseque... of their current efforts to increase competition and bri... in cheaper fares could be ... lower revenue yields and less pr... ability, leading to a greater ... for government guarantee... on loans for equipment purch...

The airline in... try's increasing concern ov... the declining quality of air traffic control, especially in Western Europe was reflected in a decision taken here today by the airlines to hire an international air traffic control expert to help improve the system.

The association's technical committee said in a report that the problem is that some individual countries in Europe, although small in area, are insisting on the sovereign control of their national air space and are planning and introducing sophisticated air traffic control systems which are not compatible with eath other.

The name of the specialist who is to be hired is not yet revealed but his task will primarily be to try to achieve a greater measure of coordination in the introduction of these different systems in Europe.

Latin America meets to plan new EEC strategy

BY HUGH O'SHAUGHNESSY

LATIN AMERICAN governments are to meet in Uruguay on Monday in an attempt to work out a new common negotiating position for the region in its relations with the EEC.

The meeting, which is to be held in the resort of Punta del Este has been convened by the Latin American Economic System (SELA), the intergovernmental co-ordinating group based in Caracas.

The SELA secretariat, which is headed by the Ecuadorean economist, Dr. Jaime Moncayo, will seek to ... the beginnings of a co-ordinated Latin American trade policy towards the EEC which is now Latin America's principal trading partner.

The Latin American governments have for some years used a loosely organised group of ambassadors and heads of Latin American missions in Brussels as their principal multilateral contact with the EEC.

The workings of the group was, however, strongly criticised at the April meeting of the SELA Latin American Council which concluded that the region lacked a negotiating position and that the results of past contacts with the Community had been very meagre and that the ambassadors' group had no clear mandate.

A leading position in the Punta del Este consultations is likely to be taken by Argentina in the co-ordination of new Latin American positions.

Brazil, as by far the largest and most populous of the Latin American countries, has in the past preferred to work out its own deals with the Community and it remains to be seen whether Brazil will now swing its weight behind a new regional initiative towards Brussels.

Michelin frees patents

FINANCIAL TIMES REPORTER

MICHELIN have liberated all patents on its latest, high performance car tyre, the TRX. The ultra-low profile radial ply tyre, first revealed more than three years ago is now being used on a small scale by Ford in both the U.S. and Europe and by Peugeot, Fiat, Renault and Saab. While confirming the liberation of the tyre from all patents, Michelin has refused to comment.

Other tyre manufacturers believe the move was provoked by resistance on the part of the car industry to adopt the TRX as factory-fitted equipment because it can only be used in conjunction with a unique, metric-sized wheel. A car maker adopting TRX for a particular model is thus tied to Michelin as sole supplier.

Gas depot site is blow to Rotterdam

BY CHARLES BATCHELOR IN AMSTERDAM

PARLIAMENTARY APPROVAL for the siting of a liquefied natural gas (LNG) terminal at the newly-developing harbour of Eemshaven was a severe blow to the port of Rotterdam.

The port authorities hoped that Parliament would reverse the Cabinet decision taken in August and site the new terminal next to the petrochemical plants which line the estuary of the Maas.

In terms of jobs or port revenues the loss of the terminal, which will handle 4bn cubic metres of Algerian gas a year over 20 years starting in 1984, is hardly significant. Much more important is the loss of a potentially sizeable new industry as the natural gas trade develops, and the blow to Rotterdam's confidence.

Throughout the 1960s and early 1970s Rotterdam was the motor of the Dutch economy as cargo volumes rose and the port developed from being a transit harbour into a major industrial centre.

But this automatic growth is now a thing of the past and Rotterdam is in a sellers' market for new industry. Its handling of the gas terminal affair is a case in point. The contract for the gas deliveries was signed in June 1977 with Holland agreeing to let Algeria know where the gas was to be landed by October 1978. Gasunie, the Dutch national gas distribution company, came out in favour of a site on the reclaimed Maasvlakte near Rotterdam and the choice seemed clear-cut.

It took Rotterdam a year to realise that everything was not going its own way. It began publicly lobbying for the gas terminal last August but by then it was too late. The Cabinet opted for Eemshaven as part of its policy of stimulating economic development in the depressed north-east of the Netherlands.

Eemshaven, which handled 153,000 tonnes of cargo in 1977, certainly needed a boost. Rotterdam, handling 280m tonnes, more than twice the amount passing through its nearest rival, Kobe in Japan, was less in need of support, the Cabinet reasoned.

Rotterdam is partly responsible for its own difficulties. After 30 years during which it became the dustbin for all the unpleasant industrial activities which places like Amsterdam refused to touch, it too developed a finer nose. Plans for the Dutch-German steel group, Estel, to erect a steel mill on the Maasvlakte were turned down.

Rotterdam's size and prosperity make it difficult to raise much sympathy for the port's plight. "A spoilt child," was how the Transport Ministry views the port, according to a recent newspaper report. The port accounts for nearly 43 per cent of all cargoes handled by the seven largest European ports—the others being Hamburg, Bremen, Antwerp, Le Havre, Marseilles and Genoa.

The 280m-tonnes of cargo which passed through Rotterdam last year was 8m less than in 1976 and 29m down on the record year 1973. Rotterdam expects to climb back to the 300m-tonne level in the next year or so and in the longer term expects cargo to rise to 500m tonnes by 1990. Rotterdam handles more than three times as much cargo as its nearest European rival, Marseilles.

The development of the North Sea oil fields does not offer much compensation for the loss of Middle East shipments after the 1973 oil crisis. If anything, the growth of North Sea oil will diminish the importance of Rotterdam still further—at least as a transhipment port for those countries bordering on the North Sea, as Scandinavian countries will pump their oil directly ashore.

The depression in the petroleum and petrochemicals industry has had a major impact on the five large refineries in the Europort complex. The refineries, with a total capacity of 85m tonnes a year, are operating at only 55-60 per cent of capacity. BP shut down its refinery for two months earlier this year while Shell is considering putting much of its Pernis installation into mothballs.

Rotterdam is also an important bulk goods harbour handling large volumes of ores and coal. The recession in the steel industry has cut into the iron ore trade and reduced cargoes.

The financing of major infrastructure projects has long been a source of friction between Rotterdam and the Government. The State now pays two-thirds of the costs and Rotterdam one-third, but the city wants the State to provide 100 per cent of the financing. Talks are due to begin shortly between the two sides.

The amount of crude oil passing through Rotterdam fell 16.6 per cent to 60.6m tons in the first half of 1978 from 72.6m for the same period last year. The port authorities attributed the decline to the generally lower levels of oil consumption in Western Europe and to lower oil imports by the UK and West Germany, which are drawing from reserves in the North Sea.

مكتبة الأصيل

Architects' report by profit fall

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PROFITABILITY of private architectural practices has substantially decline since 1971, according to a report published today by the Royal Institute of British Architects.

The report was commissioned last year in advance of the Monopolies Commission's findings on architects' services, and in response to a Price Commission statement that it would consider proposals only for increased fees if they were supported by a survey of cost movements within the profession since 1972.

The Monopolies Commission, which reported at the end of last year, called for radical changes in the architects' fee-scale system, notably the abolition of the mandatory minimum fee system and the introduction of a recommended scale system, allowing for competition in fee quotation.

In today's report, Mr. Gordon Graham, president of the institute, said that its finding confirmed what the profession had long believed and that the decline in architects' profits would be a main consideration while the profession's new conditions [illegible] fee scales were prepared.

In su[illegible]g that architects ought n[illegible] able to increase their mi[illegible] fees, Mr. Graham said: "[illegible]e has come for us to re[illegible]r the nature and level of [illegible]muneration as a professio[illegible] to update our condition[illegible]gagement so that they m[illegible]ccurately meet today's n[illegible]

The re[illegible]s that although private a[illegible]s' costs rose by less than [illegible]g costs between 1971 and [illegible] the decline in workload [illegible] an increase in unit costs [illegible] a reduction in profit [illegible] Practices generally [illegible] to the slump in workin[illegible] reducing staff and in pa[illegible] non architect employees.

The posi[illegible] small practices was partic[illegible] serious as they appeared [illegible] surviving on revenue th[illegible] not be considered ade[illegible] even to cover the princip[illegible]wn labour.

Any pro[illegible] to alter the structure o[illegible] profession's fee arrangemen[illegible]ld be preceded by "a tho[illegible] and objective evaluation [illegible] the identifiable econo[illegible]tors involved."

BY DAVID MARSH

PRESIDENT Antonio Ramalho Eanes of Portugal, who started a three-day State visit yesterday, will have talks at 10 Downing Street today with the Prime Minister and senior Government Ministers.

Sr. Eanes, seen here riding with the Queen *to Buckingham Palace by open carriage* after his arrival at Victoria Station, London, is accompanied by his wife, Maria, and Sr. Carlos Correa Gago, Foreign Minister in Portugal's caretaker Government.

Partly because of the political vacuum in Portugal, where Prime Minister-designate Sr. Carlos Mota Pinto is still trying to form an administration, Sr. Eanes's trip will be rather low-key in practical terms.

No trade agreements or contracts will be signed during the visit, although today Sr. Correa Gago and Dr. David Owen, the Foreign Secretary, will sign the UK-Portuguese Social Security Convention, which provides for reciprocal social security benefits.

Sr. Eanes's talks with the Government are expected to centre on Portugal's application to join the EEC, which Britain supports, and on NATO issues.

Sr. Eanes, who is also chief of his country's Armed Forces, talked about defence yesterday afternoon with Sir Neil Cameron, Chief of Britain's Defence Staff, and the three Forces' chiefs, before attending a banquet given by the Queen at Buckingham Palace.

Managers' doubts on industrial democracy Bill

By John Elliott, Industrial Editor

THE UPHILL battle that Mr. John Smith, the new Secretary for Trade, will have in trying to win general acceptance for the Government's proposed Bill on industrial democracy was illustrated yesterday by a statement issued from the British Institute of Management.

It said that recent consultations between the institute and Government officials had failed to solve three major points of opposition among managers.

These were that there would be a pattern of industrial democracy imposed by law, that there were no proposals for equal rights of managers, and that the legislation would be based on the union's "single channel" system of representation.

The statement was contained in a letter sent by the institute at the end of last week to Mr. Edmund Dell before he handed over as Secretary for Trade to Mr. Smith at the weekend.

The Bill is due to be published by about March next year. Ministers have to decide whether to base their proposals solely on the unions or, as Mr. Dell favoured, to make special allowance for "homogeneous" groups of non-unionised workers.

Corset control 'not helping economy'

BY MICHAEL BLANDEN

THE GOVERNMENT'S monetary policy, and particularly the use of the corset controls on the growth of the banks, was criticised last night by Prof. Harold Rose, group economic adviser to Barclays Bank.

He said the return of the *corset this year was not* inevitable. "It reflects, rather, the unwillingness of the Government to accept the high interest rates which are really the consequences of its own actions."

Giving the annual Institute of Bankers Ernest Sykes memorial lecture, he questioned whether even the corset could prevent *higher interst rates, as opposed* to changing their pattern, when the total demand for funds was strong.

Prof. Rose argued that because the banking system could not easily control its total lending to the public sector, the corset became in the end "a penally high marginal rate of tax on bank lending to the private sector."

The corset was not applied to other financial intermediaries such as building societies. And in the end "it is not different *in principle from old-fashioned* directives to the banks, especially if a request from the Governor or the prevailing climate of opinion specifically directs lending restraints to the personal sector."

There were, however, differences from earlier forms of direct credit restraint such as lending ceilings.

If the corset led to a fall in bank deposit rates compared with other rates, it made it easier for other institutions such as the building societies to attract deposits, potentially diverting funds to non-bank outlets.

Secondly, *the corset was more* effective in holding back growth of the money supply, but it also introduced distortions into the financial system.

"The corset may enable authorities to get their published money supply figures right and this may calm markets for a while, but it is also much *harder to say just what the* money supply figures are likely to mean in terms of economic consequences."

Prof. Rose said he could not "*sympathise with what is a* return, in substance if not in form, to an old-fashioned clamp on bank lending to the private sector."

In time, it might be necessary to extend controls to other institutions such as building societies.

In the meantime, however, *what are required are government policies—especially* with regard to the size of the public sector borrowing requirement—that make possible the goal of a non-discriminatory open-market policy, without the need for direct controls having to be applied to a range of institutions as the pattern of market shares changes."

Kirkby rescue plan to be vetted today

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS FOR the Kirkby Manufacturing and Engineering Workers' Co-operative on Merseyside to be taken over by Worcester Engineering with the help of up to £4m state aid are to be vetted by the Industrial Development Advisory Board and top Ministers today.

The plans will then be put early tomorrow morning to a meeting of the co-operatives — 700 workforce, about 250 of whom would be made redundant if the scheme went ahead.

The advisory board, which has recommended against various plans for saving the co-operative in the past, will be presented with the report of a working party set up last month by the Department of Industry to map out a future for the Merseyside factory.

The report backs a proposal put forward by Worcester Engineering, a small Midlands [illegible] equipment company, as the best option for *saving jobs* at the co-operative.

The proposal is supported by an application from Worcester to the department for State aid of up to £4m spread over several years, *mainly in the form of* Government grants and loans. It has also been suggested that the Government might reduce the size of the loans by holding *preference shares in the business,* which would be a direct subsidiary of Wor[illegible] Engineering.

If the boa[illegible]pproved the scheme on th[illegible]unds that it involved retur[illegible] the co-operative to the pri[illegible] sector, it was likely to go to [illegible] Ministers, and perhaps th[illegible]e Minister, for approval [illegible] tomorrow's meeting. Depart[illegible] of Industry Ministers have [illegible]y decided to back the prop[illegible]

New line

Worcester Engin[illegible]s plans involve taking over [illegible]hirds of the co-operative's M[illegible]ide factory and maintainin[illegible] production of radiators, [illegible]lation equipment, and con[illegible] metal presswork.

The co-operatives' [illegible]pleted radiator stocks would [illegible] built up so that they could l[illegible] six weeks and a two-year pla[illegible]uld go ahead for installing ne[illegible]ator production lines.

The main shareholder [illegible] Worcester Engineering is [illegible] Cecil Duckworth, managing director who founded the business in 1962. The only outside shareholder is Security Selection, which holds about 20 per cent of the equity and whose chairman, Mr. Tim Yeo, *is a non-executive director.*

Security Selection's name was given to Mr. Duckworth by Mr. Peter Walker, the Conservative *MP for Worcester,* when the company was seeking fresh equity three years ago.

Industrial problems of spare capacity

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIES WITH above-average margins of spare capacity tend to be those which are less successful in competing internationally, where growth of demand and output is unstable, and where plants are large, according to a National Economic Development Office discussion paper published today.

The paper is by Mr. Mica Panic, now at the Bank of England and formerly NEDO's chief economist. He discusses some of the broad questions raised by the measurement of capacity utilisation in UK manufacturing industry and describes changes since 1958, both their cyclical fluctuations and their trends.

Mr. Panic also analyses certain aspects of changes in capacity utilisation and the short-run behaviour of output, employment, investment, imports, prices and profits.

Capacity utilisation is measured in terms of *industrial* production and the overall capital stock. The author notes some of the problems of analysis — *for example, a rising output*-capital ratio could be taken to show improvements in the overall efficiency of an industry, although it could equally be *interpreted as showing the increasing* predominance of capital saving techniques. Consequently it is necessary to calculate the underlying trends.

The author notes that there are two important differences between the cycles in the 1960s *and in the 1970s so far,* notably the extremely weak recovery since the last trough.

At the end of last year the *margin of spare capacity in* manufacturing was still greater than in any other quarter since 1958, with the exception of the July to September period of 1975. Moreover, there seems to have been an increase in the volatility of the cycle since the early 1970s.

Mass-production

The detailed figures show that the larger the average size of plant in an industry the lower will tend to be its level of *capacity utilisation, apparently* because it will be less adaptable than smaller plants to cyclical variations in demand.

Larger plants will usually be constructed for a particular mass-production line so that their capacity utilisation will reflect *fully changes in demand* as there will be less scope than in smaller *plants to use them for some* alternative purpose.

This would explain, Mr. Panic says, why those industries where the size of plant is large, operate, on average, with larger margins of spare capacity—especially as they tend to be in capital goods industries where the growth of demand and output is highly unstable.

The study shows that so far as the short-run growth of output and imports is concerned the *index of capacity utilisation* for manufacturing appears to reflect quite well the expected behaviour of manufacturing industry at high levels of capacity utilisation.

Similarly, the behaviour of manufacturing employment over the past four economic cycles *provides further* evidence that the index reflects extremely well cyclical changes in pressure on productive capacity.

Capacity Utilisation in UK Manufacturing Industry, NEDO Discussion Paper 5. Price £5.50, £5.74 postage paid from NEDO Books, 1 Steel House, 11 Tothill Street, London SW1 9LJ.

HOME NEWS

Ulster hit by wave of IRA bomb attacks

BY OUR BELFAST CORRESPONDENT

AT LEAST 30 people were slightly injured in a series of bomb attacks by the Provisional IRA in Belfast, Londonderry and four other Ulster centres yesterday.

Damage to shops and property was expected to run into several million pounds as a result of the day's violence, the worst in the Province for many months.

Security forces are particularly concerned about the reintroduction of the car bomb, a weapon missing from the terrorist arsenal for more than a year. Four of the bombs exploded in parked cars.

Warnings were given in all cases. The attacks began in Omagh, Co. Tyrone, where most of the casualties occurred. The majority of the injuries were caused by flying glass.

The towns of Dungannon, Enniskillen and Cookstown later became targets, and in Londonderry nine bombs were planted in shops. Five went off, two of them starting fires, and the remainder were defused.

In Belfast, one bomb went off in a timber yard and an explosion damaged a boiler room at a fertiliser factory.

The attacks shattered a period of relative calm in this Province. In the provincial towns the bombs were planted in areas which were planted which until early this year had been sealed off to traffic.

The authorities are now concerned that security precautions will have to be reviewed. Any tightening up will be seen as a step away from a return to normality in Northern Ireland.

The terrorists were able to plant the bombs in spite of increased vigilance by the police and Army yesterday morning. They feared terrorist activity after discovery of nine bombs in a van stopped on the main road from Dublin to Belfast the previous night.

Details of the wave of bombings were given to Mr. Mason, the Northern Ireland Secretary, who was on a brief industrial promotion visit to New York.

Knitwear import curb sought after GATT

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE KNITTING industry, which will have sales of more than £1bn this year said yesterday that it would press strongly for a renewal of tight restrictions on textile imports when the present round of the General Agreement on Trade and Tariffs multi-fibre arrangement ends in 1981.

The industry has recently been involved with its European partners in discussions with the EEC Commission about the creation of an industrial policy for the textile and clothing industry. It is concerned that the authorities in Brussels regard the present restrictions which come into force this year as merely a temporary derogation.

Mr. Michael Meakin in his annual report to members of the Knitting Industries Federation, said yesterday that the EEC Commission envisaged a return after 1982 to the terms of the original multi-fibre arrangement agreement which allowed a growth rate in imports of 6 per cent a year and made it difficult to cut established levels of imports or deal with supplies from new sources.

There was a need for a "multi-fibre arrangement Mark III" which should be even tougher than its most recent predecessor.

Reporting on the discussions in Brussels, one of a series of meetings the Commission is holding with various textile sectors, Mr. Meakin said the industry's European association, Mailleurop, had drawn attention to the need for strict enforcement of present restrictions on imports, and had also emphasised its fears about the likely impact of the accession of Greece, Spain and Portugal to full EEC membership.

The Federation told the Commission of the dangers to small companies from growth of large centralised buying organisations in each of the member-States.

About 85 per cent of the Federation's membership consists of companies with fewer than 200 employees, but there is a fear that the large organisations controlling distribution of textile goods may want to deal only with similar-sized manufacturers.

The Commission was told of the industry's anxiety that there should be strict limits on outward processing of textile goods —shipment of textile goods to third countries for further finishing and subsequent re-import.

The industry wants the facility made available only to actual manufacturers, and harnessed to a strict enforcement of rules of origin.

Mr. Meakin told members that in the discussions with the Commission they would seek to secure a policy for textiles conducive to maintenance of a strong, viable knitting industry in Europe, and which would not encourage any significant shift in the present geographical distribution.

He reported that in 1977 the UK industry increased exports by 37 per cent to a record total of £272m, though there was a drop in volume in the jersey fabrics and tights sector.

Imports of knitted goods rose to a peak of £297m. The attack was spearheaded by an increasing number of less developed countries, and focused on the knitted underwear and outerwear sectors. In both import penetration of the domestic market rose to 37 per cent.

BL company makes double breakthrough in technology deals

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BL components company SU-Butec is to spend £5.5m at its Llanelli plant in Wales following two deals which highlight the group's determination to buy in continental technology whenever necessary.

SU has signed a licensing agreement with Sofica, part of the French Ferodo group, which gives it the manufacturing rights for aluminium and aluminium foil car radiators. Some industry experts believe these will rapidly replace the existing copper-brass radiators over the next few years.

The new radiators will first be installed in a new Austin-Morris car, yet to be publicly announced.

The agreement with Sofica also gives SU manufacturing rights for aluminium heater cores.

The new products will be made at Llanelli, where SU makes the existing range of radiators for BL and other motor manufacturers.

It is claimed that aluminium has a number of advantages over copper. It is less susceptible to corrosion. It is lighter and, as far as radiator production is concerned, because there is no soldering or brazing of joints, the production process is much cleaner.

SU has also signed a licensing agreement with Motorola Automobiles of France for the manufacture of a heavy duty alternator for diesel engines. This will be made at the Butec Electrics plant at Leyland, Lancashire. SU claims that it is a smaller, lighter and more efficient unit than the one it replaces, and is therefore more competitive.

It will be sold to diesel engine manufacturers along with a replacement part through SU's distributors.

It is anticipated that Motorola will use components made by SU in some markets as part of a reciprocal arrangement.

Mr. Tim Worrall, managing director of SU-Butec, commented yesterday: "Both agreements give us an inside track to the latest technology. I am looking for a lot more business of this nature, and we are also developing some interesting new products of our own."

SU makes a wide range of components at seven factories in Britain, ranging from small hardware such as door hinges and gearsticks, through exhaust systems and carburetters, to heavy duty axles, rack and pinion steering, power steering systems and electronic control devices.

£22m rail wagon contracts for UK

By Ian Hargreaves, Transport Correspondent

BRITISH railway equipment companies have been awarded contracts valued at £22m by Bangladesh railways in a deal financed by Government overseas aid.

The main beneficiary of the order is British Rail's engineering subsidiary, which has been given a £19m contract to build 825 covered wagons. These will be constructed at the company's Ashford, Kent, works and delivered between 1979 and 1980.

The small private sector of the railway industry, which has fought long and hard for a share of the Bangladesh deal, is also represented in the contracts, but not as substantially as it would have liked.

Standard Railway Wagon of Stockport will build 63 oil tank wagons worth £1.8m and W. H. Davies of Mansfield will make 49 ballast hopper wagons worth £1.64m.

Private-sector companies, some of which have been excluded from the deal entirely, had been hoping for a share of the covered wagon business allocated entirely to British Rail.

Airline issues Gatwick plea

BY MICHAEL DO[...], AEROSPACE CORRESPONDENT

BRITISH CALED[ONIAN] Airways yesterday is[sued its] own invitation to Iberia, [the] Spanish flag airline, and TA[P of] Portugal, to come to Gatwi[ck] to discuss with other airline[s w]hether the two could and sho[uld] move their flights to that [air]port from Heathrow.

The move ca[me] after last week's invitatio[n] from the Government to [...] officials in the Spanish a[nd] Portuguese governments to [...] Gatwick.

Mr. Alastair P[ugh], managing director of Brit[ish] Caledonian, in Geneva for t[he] annual meeting of the In[ter]national Air Transport Assoc[iati]on, said that the airline [wa]s becoming seriously concer[ne]d about the row between th[e U]K and Spain over the pro[pose]d move of Iberia to Gatw[ick], which the Spanish airlin[e] is resisting strongly.

Mr. Pugh s[aid] that British Caledonian's in[teres]ts were being totally forgotte[n]. British Caledonian is the [onl]y one to be hurt, to the ex[ten]t of a loss of profits of abou[t £1]m a year"—the cost of th[e a]irline's having its DC-10 flight [th]rough Madrid suspended b[y] the Spanish Government.

"As the go[vern]ments of the UK and Spain [all]ow the problem to worsen, and [th]e UK airports' policy to be e[...]led, we see no evidence tha[t] British Caledonian's intolerable problem is being solved," he said.

"The solution is totall out of our hands, and we look to the British Government to protect British Caledonian. We have been singled out as a defenceless pawn.

"If Iberia seriously claims that its UK operations are commercially dependent upon Heathrow, and that it stands to lose £20m a year if forced to move to Gatwick, then clearly they have grossly exaggerated their case," Mr. Pugh said.

"I am astonished that, up to and during the wrangle, Iberia has not even sent representatives to inspect Gatwick and its excellent facilities. They were invited to do so more than a year ago.

"It is essential that they inspect Gatwick before making outlandish claims of financial loss, and encouraging further threats of Spanish Government reprisals against British airlines.

"British Caledonian will be happy, in the interests of resolving this ridiculous dilemma, to stage a forum at Gatwick to enable Iberia to come and discuss with the major international scheduled airlines, the question of operations from that airport.

"Senor Manuel de Prado, president of Iberia, when told of the British Caledonian invitation, said that it was solely a matter for the Spanish Government.

ICI 'works hard at industrial relations'

BY SUE CAMERON

IMPERIAL CHEMICAL Industries spends more than twice as much time and effort on industrial relations management than its German and American competitors, Mr. Maurice Hodgson, chairman of ICI, told an American Chamber of Commerce lunch meeting in London yesterday.

He said the "enormous amount of management effort" taken up with industrial relations in the UK was "one of the factors contributing to our lower productivity." He added that in the last few years "we have been able to improve productivity somewhat faster than our international competitors."

But Mr Hodgson emphasised that industrial relations problems in the UK were "manageable" and he pointed out that ICI had suffered no significant loss of production as a result of labour difficulties in 1977.

Mr. Hodgson went on to attack Government interference with free enterprise in both the UK and the U.S.

"In both countries Government seizes opportunities to cut free enterprise down to size, in your case by regulation and legal harassment, in ours by taxation and, in the past, by nationalisation," he said.

"We in the UK are taxing free enterprise capitalism to death while you are regulating it to death. In Britain I believe we have confused fairness with egalitarianism. We have taxed initiative and subsidised the lack of it to an extent that has eroded away the entrepreneurial foundations of the system.

Interest relief grant rate up

THE MAXIMUM rate of interest relief grant and interest rates for loans under Section 7 of the Industry Act 1972 were increased yesterday.

The rate of interest relief grant available in those cases where it would be appropriate to allow the equivalent of an interest-free period on a Department of Industry loan—but where concerns obtain their finance from other sources—is being increased from 12 per cent to 13½ per cent for each interest-free year.

Gandhi meets statesmen

By Simon Henderson

MRS. INDIRA GANDHI, the former Indian Prime Minister, yesterday met Mr. Callaghan, Mrs. Thatcher and Mr. Heath as part of her week-long visit to Britain. She also met Mr. Julian Amery, Mr. Douglas Hurd and Mr. Adam Butler, of the Conservative Front Bench, at her hotel in the morning and addressed the Commonwealth Parliamentary Association in the afternoon.

Mrs. Gandhi met Mr. Callaghan after she had watched him during the Prime Minister's question time in the Commons. Because of the controversy surrounding her visit over the imposition of her "emergency rule" in India it was described as a "meeting between friends" rather than Mr. Callaghan greeting her in his capacity as Prime Minister.

Mr. Heath, who spoke to Mrs. Gandhi for about 30 minutes at her hotel in the morning, refused to say what they had discussed. It was a private talk and his was a private visit, he said.

Mrs. Gandhi said that she had talked about the situation here and in Europe and the world in general during her discussions with Mr. Heath and the Conservative Front Bench.

Sh declined to outline her political ambition in the light of her by-election victory last week which returned her to the Lok Sabha (Indian Lower House) for the first time since her Government's defeat in elections nearly two years ago.

She emphasised the private nature of her visit, which is to attend anniversary celebrations for her father, the late Mr. Nehru.

This week, Mrs. Gandhi goes to South Wales to open a steel mill belonging to Mr. Swarj Paul, one of her supporters. Mr. Paul, who is acting as co-ordinator of her visit, said yesterday that she did not care about Press criticism of her trip.

Cowley head leaves after six months

MR. GRANT LOCKHART, plant director at the Cowley car assembly works, one of BL's biggest production centres, is leaving the company.

Austin-Morris said yesterday that Mr. Lockhart had by mutual consent, given up the job to which he was appointed six months ago.

Mr. Lockhart, aged 41, a Scot, held a series of senior industrial-relations appointments with Leyland Cars and then BL Cars before succeeding Mr. Des North in running the Cowley plant last April.

Mr. Andy Barr, another Scot, who recently went to Cowley as production manager, is expected to take over.

Swiss Aluminium opens Durham fluorspar plant

BY JAMES McDONALD

MR. ALAN WILLIAMS, Minister of State for Industry, attended the official opening, yesterday, of Swiss Aluminium Mining (UK's) £2.5m fluorspar processing plant at Broadwood, Co. Durham.

Swiss Aluminium (UK) is a subsidiary of Swiss Aluminium of Zurich, and was formed in 1971 to develop fluorspar mining operations in County Durham.

The company holds mineral rights over an area of 300 sq kilometres, one of the largest contiguous mineral holdings in the UK. Total investment in it is about £6m.

Fluorspar is a rock mineral composed of calcium fluoride frequently associated with lead, particularly in the Durham deposits.

It has valuable fluxing properties. The Broadwood plant is designed to process 150,000 to 200,000 tonnes a year of fluorspar ore, and will make 50,000 to 100,000 tonnes of fluorspar products.

Until the opening of the Broadwood plant ore had been processed at the Rookhope plant. Broadwood will increase the company's capacity for fluorspar products at least fivefold.

The restricted capacity of Rookhope limited sales in 1978. The small surplus over the contractually committed output has been used to supply test loads to a wide range of potential customers.

Single-parent tax leaflets

THE TAX position of single-parent families is explained, in simple language, in a pamphlet prepared by the Inland Revenue. The phamplet, IR29, is free from any tax office.

Another pamphlet IR30, "Income Tax—Separation and Divorce" is also available. These represent efforts to make personal taxation leaflets more easily understood.

Greetings cards head for record

By John Lloyd

BRITAIN'S GREETINGS card manufacturers expect a turnover of about £150m this year, with a record 1.7bn cards sold.

The Greeting Card and Calendar Association estimates that next year, the association's 60th anniversary, 2bn cards will be sold.

The association will mark its diamond jubilee with an exhibition of greetings cards of the past 130 years, since their first appearance in the 1840s.

The industry includes about 100 card publishers, employing more than 10,000 people, with a capital of more than £65m.

There are 32,000 retailers of cards, half of them newsagents and speciality card shops. Exports were £12.5m last year to some 2[...] countries.

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British Gas in £1m U.S. coals deal

By John Lloyd

BRITISH GAS has signed a contract worth more than £1m to test U.S. coals in a programme aimed at making coal-fired power stations more efficient.

The contract, with the U.S. Electric Power Research Institute, will test coals from the eastern U.S. coalfields in the British Gas slagging gasifier in Westfield, Fife.

The Westfield plant has already successfully used U.S. coals to produce substitute natural gas. The present programme will test the high-sulphur coals for possible use in combined-cycle (combustion and steam turbine) power plants.

● The Government is to pay half the cost of an experimental fluidised bed boiler, to be built by Stone Platt Fluidfire, under its £21.5m programme of research into energy saving projects. The Department of Energy will contribute £61,400 towards total costs of £116,800.

Fluidised bed combustion, which forms a major part of the research in the programme, can burn a much wider range of coals than conventional boilers.

● UK industry could be paying up to £100m too much for energy, according to National Utility Services, the utility consultancy company. NUS claims that it has achieved savings of up to 90 per cent of the energy bills for some of its clients.

● A National Coal Board plan for opencast working at Whittonstall, Northumberland, has been turned down by the Department of Energy after objections from the local authority and others that it would spoil the environment.

The Department's decision follows a recommendation to reject the scheme by a Department of the Environment inspector, who conducted a public enquiry last year.

The NCB had expected to win 2.75m tonnes of coal from the 571-acre site over the next nine years.

● Mr. Alex Eadie, the junior Energy Minister, said yesterday that "the Government is determined to get value for money from the investment made in the coal industry." Some £500m a year is now being invested in the coal industry.

Listed building may be saved

TWO PROPOSALS put forward by Mr. Peter Shore, Secretary of State for the Environment, could result in a public inquiry on the future of Liverpool's Lyceum Club, a threatened Grade Two listed building built by Thomas Harrison in 1802.

The proposals, under the Town and Country Planning Act 1971, would revoke the listed buildings consent to demolish granted on March 2 1971, and would modify that consent. They would allow either the whole building or one or both facades to be retained.

Discussion papers launched by Bank

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Bank of England has launched the first of a series of discussion papers to give wider circulation to research work undertaken by its staff economists.

This is a further step in the recently developing trend whereby both the Bank and the Treasury have been publishing more of the work of their economists.

However this has so far been mainly restricted to background and theoretical questions, and there is still a marked reluctance to publish studies on current policy-related decisions.

The Bank's papers will cover research mainly on economic questions, but also on financial and statistical subjects. By its exploratory nature the work has perhaps not always led to definite conclusions, or is rather more technical than would normally appear in the Bank's quarterly bulletin.

The Bank says that the aim is to make available what may broadly be described as work in progress and to stimulate comment upon it. No more than five or six papers are likely to be issued in each year.

Assurance

The first, by Mr. Andrew Threadgold of the Bank's Economic Intelligence Department, discusses the impact of life assurance and pension funds on personal savings.

Mr. Threadgold tentatively concludes that inflows into the life companies and funds result in a net addition to personal sector saving, given the existence of the State pension scheme.

Where an increase resulted from higher employees' contributions or from higher employers' contributions associated with lower wages, personal sector saving rose by about half of the higher contributions.

"In the case of an increase resulting from higher property income or employers' contributions, it may be almost fully reflected in higher personal sector saving.

"The relevant tax arrangements appear to give a strong incentive towards this type of institutional saving, although the tax system also discriminates in favour of other forms of saving—notably through the treatment of owner-occupied housing.

Savings ratio

"On the basis of present tax arrangements and assuming no sizeable switch from private pension schemes to the new state scheme, saving via life companies and pension funds, is likely to help maintain the savings ratio at a slightly higher level than in the late 1960s.

"A switch from funded to unfunded pension schemes would probably be associated with a fall in personal sector saving."

Earlier this year, the Treasury started publishing a series of similar working papers—discussing, for example, the impact of exchange rate changes upon the economy and of balance of payments flows upon monetary aggregates.

The Bank discussion paper is available from the Bulletin Group, Economic Intelligence Department, Bank of England, Threadneedle Street, London, EC2R 8AH.

Grant for arms control study

ARMS CONTROL and international security are to be studied over a five-year period by scholars in the department of politics at Lancaster University, aided by a £140,000 grant from the Ford Foundation.

Additional sponsorship of £10,000 for the same peirod will come from the Joseph Rowntree Charitable Trust to finance a visiting fellowship in arms control and disarmament.

Letter by Descartes sells for £10,000

SALEROOM

BY ANTONY THORNCROFT

A LONG letter written by René Descartes in 1638, defending his scientific theories, sold for £10,000 at Sotheby's yesterday in an auction of Continental letters and manuscripts that totalled £64,616.

Thirty-four letters by Napoleon to Marshal Berthier about the conduct of the war in the Peninsula made £8,000 and Otto Haas, the London dealer, bought a four-line poem by Goethe for £2,800.

Eighteen letters from Alfred Nobel sold for £2,100. The Spanish embassy was an active buyer. Its acquisitions included a letter from Napoleon to the Spanish Prime Minister Dodoy in 1807, for £530.

An oriental auction at Sotheby's brought in £163,680 with a [...] figure of a hawk going to Heirloom and Howard for £8,000.

An art nouveau, art deco and studio pottery sale at Christie's totalled £80,376, with a top price of £1,800 for a Lalique surtout, with the heavy glass panel deeply moulded with a fully rigged galleon and fitted with electric light. Gallerie Ars, a Dusseldorf dealer, paid £1,500 for a pate de verre vase by Argy Rousseau, and Catspaw of London gave £1,400 for a bronze and ivory figure of a dancer by Chiparus.

Also at Christie's, a Japanese ivory carvings and netsuke auction brought in £58,420, with a highest price of £3,000 from Campos, a Spanish dealer, for a pair of large ivory carvings of Chinese ladies.

A wine sale at Geneva on Monday produced three records: a magnum of Chateau Lafite 1870 sold for £925; a dozen bottles of Chateau Haut-Brion 1945, £1,050; and a dozen of Chateau Mouton Rothschild 1961, £633.

A clocks and watches sale at Phillips totalled £74,411. McCabe, a London dealer, bought a four-case clock by [...], James McCabe, for £2,400. A late 17th-century longcase clock by Alexander [...] sold for £6,000 to Bowes and a gold and platinum lever watch by Jos White and Son made £3,000.

At Christie's, South Kensington, a miniature commode with a ruby lens sold for £2,600 in a jewellery sale. It was signed "Cartier," made about 1890, and estimated at £800. A glass bugle, a Victorian fantasy, fetched £240.

Current account in surplus after lower visible deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE current account was in surplus by £212m in the three months to the end of October, compared with a deficit of £173m in the previous three months.

After allowing for a slightly smaller invisibles surplus, there was a narrowing of £442m in the deficit on visible trade, around one quarter of which is explained by an improvement in the balance on the more erratic items and oil.

Exports (excluding erratic items) rose sharply—up by 4 per cent in volume—while imports lagged slightly behind with a 2½ per cent rise on the same three-month comparison.

The appreciation of sterling during the three months has been reflected in a 1 per cent rise in the terms of trade index—the ratio of export to import prices.

BALANCE OF TRADE

		Exports £m. seasonally adjusted	Imports £m. seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1976		25,424	29,013	[illegible]	105.7	99.3	—3,973
1977		32,182	33,891	[illegible]	107.1	100.7	—2,804
1976	1st	5,654	6,204	[illegible]	100.2	100.8	—947
	2nd	6,160	7,109	[illegible]	106.3	98.8	—968
	3rd	6,513	7,645	[illegible]	109.0	96.6	—1,058
	4th	7,097	8,055	[illegible]	107.1	98.2	—1,000
1977	1st	7,512	8,485	[illegible]	109.4	98.9	—800
	2nd	7,927	8,689	[illegible]	109.6	100.3	—745
	3rd	8,556	8,525	[illegible]	106.6	101.0	—602
	4th	8,187	8,192	[illegible]	102.7	102.4	—657
1978	1st	8,414	9,022	[illegible]	114.1	104.8	—642
	2nd	8,782	8,932	[illegible]	110.4	104.6	—398
	3rd	9,134	9,415	[illegible]	116.0	105.2	—511
May		2,863	3,098	[illegible]	114.8	105.3	—147
June		2,924	3,025	[illegible]	111.9	104.2	—107
July		3,050	3,184	[illegible]	116.1	104.5	—221
August		3,027	2,959	[illegible]	111.2	105.7	—95
Sept.		3,057	3,272	[illegible]	120.7	105.5	—195
Oct.		3,120	3,001	[illegible]	111.8	105.2	—131

* ratio of export prices to import prices

Source: Department of Trade

GLC protests to Europe over contracts

BY MICHAEL CASSELL

THE GREATER London Council is protesting directly to the EEC Commission over the failure of European local authorities to comply with a directive requiring them to publicise contracts in other member-nations.

A report by the professional and general services committee, which is responsible for all GLC supplies contracts, says that in the three months since the directive came into force, only 13 of the 120 supply contracts listed in the EEC Journal originated from outside the UK.

The report says that the Germans, Italians, Dutch and French had failed to list any contracts and that most had blamed administration for the omission.

Some hoped to begin posting contracts in the new year. Others said that it could not be arranged until late in 1979.

Mr. Robert Mitchell, chairman of the committee, commented yesterday: "I believe it is quite unjust that, while firms in Paris, Munich, Venice and elsewhere in the EEC have the opportunity to supply the GLC, London manufacturers do not get a similar chance in other EEC countries.

"In some of these, local authorities are simply not fulfilling their obligation to advertise contracts of £130,000 and over. The net result of this could be a loss of employment opportunities so badly needed in the London area."

Mr. Mitchell said that until other countries complied with the directive, UK companies were operating at a competitive disadvantage and a protest was being lodged with the EEC Commission calling for an early end to such an unfair situation.

Rate relief for the disabled

ADVICE TO local authorities on operating new arrangements for payment of rate relief to the disabled from April next year is given in a circular, issued by the Department of the Environment and the Welsh Office.

Under the Rating (Disabled Persons) Act 1978 relief will be available in respect of special facilities or features of a disabled person's home without which it would be physically impossible or extremely difficult for him to live in it.

Row over home sales

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE GREATER London Council could this year write off losses of more than £20m as a result of its decision to sell thousands of new council homes originally intended for letting.

There was a heated council debate yesterday over the Conservative administration's controversial sales policy. In it Mr. George Tremlett, chairman of the GLC housing policy committee, claimed that equally heavy losses would be sustained if the properties were rented. He said that rate- and tax-payers could not be expected to continue to bear the cost of excessively expensive schemes which should never have been started.

The Labour opposition on the GLC, which claims that the houses can become profitable on the rental market after 15 years, accused the council of trying to sell only the best housing stock, for which thousands of tenants were waiting, at unrealistically low prices. Mrs. Gladys Dimson, opposition housing spokesman, described the sales programme as "the policy of the lunatic asylum."

In a report to the council, Mr. Tremlett said that, as the sales programme continued, he expected the deficiency to "increase substantially." He expected a net loss of about £10m—an average of £6,600 per home—on the 1,530 properties already approved for sale. So far, about 700 have been sold.

London lobby planned

BY PAUL TAYLOR

A GENERAL agreement on the need for a London lobby of MPs to press the case of the nation's capital against the interests of the "Northern Mafia" in Parliament, was reached yesterday by MPs from both the Conservative and Labour parties.

The agreement emerged from an informal meeting organised by the London Chamber of Commerce and Industry and attended by about 20 London MPs from both sides of the House. It was organised by the chamber specifically to encourage the formation of an all-party London lobby.

Mr. D. King, chairman of the chamber's council, said it was time to put the facts and the case for London before Parliament.

In particular, he said, such a forum could campaign for the removal of Office Development Permits and Industrial Development Certificate restrictions in the capital, a detailed examination of its infrastructure and the abolition of restrictions on advertising London's benefits to industry and commerce.

Mr. Geoffrey Finsberg, Conservative MP for Camden, said MPs would have a tough battle ahead of them against the "Northern Mafia" lobby, but London's Conservative Members would "do their utmost" to work alongside Labour colleagues on such issues as the capital's need for better communications.

LABOUR NEWS

Ministers threaten sanctions if Scots hauliers break 5%

BY NICK GARNETT, LABOUR STAFF

MINISTERS HAVE warned the Road Haulage Association's Scottish region, which is leading the industry's pay negotiations this year, that a settlement breaching the 5 per cent guideline will lead to sanctions.

These will take at least the form of Price Commission controls to restrict haulage rate increases.

The warning was delivered to Scottish association officials by Mr. William Rodgers, Transport Secretary, and Lord Kirkhill, Scottish Minister of State. A less direct warning of the need to keep settlements within the guideline has been issued to the association's national office.

Meetings of Scotland's 5,000 lorry drivers have overwhelmingly rejected the association's offer of 5 per cent, with a scheme of "self financing" attendance payments.

Union officials representing the drivers, who have submitted a claim nationally for rises of 20-30 per cent, said yesterday that 5 per cent was not acceptable.

Mr. Tom Brattin, the association's Scottish area secretary, said that in the event of a strike which forced an offer above 5 per cent and consequent action by the Price Commission, employers would have no alternative but to reduce fleets to keep down costs.

"In that event there will be grave repercussions for the industry. After a strike there would not be as many jobs for drivers to return to when a settlement is finally achieved."

The two sides yesterday arranged further talks later this month. Mr. Brattin did not rule out further contact with the Government on improving the offer before the talks.

Union officials in other association areas have also received offers within guidelines, but Scotland is being viewed as the test case. The Scottish offer has to cover the 14 months from November 1 to bring the settlement date to January 1, as used by other haulage areas.

Drivers in Fife and Clackmannan have given unofficial warning of a strike from December 1 if the employers fail to improve the offer.

A Scottish driver's strike four years ago crippled the delivery of supplies throughout the area and led to a large pay settlement that became a pace-setter nationally.

Last year, after selective industrial action, settlements within the association nationally averaged 15 per cent, which was above the Phase Three guidelines.

Employers, particularly in the West Midlands, where individual companies suffered sanctions after settling above the guidelines, were left bitter about the way in which they had been penalised by the Government.

Customs men's protest delays air travellers

AIR TRAVELLERS experienced some delays in entering Britain yesterday because of a dispute involving 90 Customs officers at London's Heathrow Airport.

The officers, members of the Society of Civil and Public Servants, all work in the airport's Terminal Three and were enforcing a "work to standard" in support of a claim that they are ten men under strength.

By keeping strictly to Customs and Excise regulations, the officers' action is resulting in lengthy queues.

Mr. Peter Simpson, the union's branch secretary, said: "My members are applying the rules rigidly on all passing through the Red channel which is used for those passengers who have something to declare."

He said the delays were occurring in "patches" with early morning and mid-day transatlantic flights particularly affected.

Mr. Gordon Pitt, head of customs at Heathrow, said: "Naturally there are some delays which you would expect."

● Delays and cancellations are expected to hit Southern Region train services today because of unofficial action by drivers at some depots. Passengers were warned to expect disruption on services between Waterloo and South-West London, Surrey and Hampshire.

Sacked worker awarded £7,000

VAUXHALL MOTORS was yesterday ordered to pay more than £7,000 to a worker caught asleep during a night shift. This includes a "fine" of £1,900 because the company ignored an order to re-engage 53-year-old Muhammed Ayub.

The company had said it would be a laughing stock if it took him back after an industrial tribunal found he had been dismissed unfairly.

Mr. Ayub was sacked in February 1978, after nearly eight years at Vauxhall's Luton factory.

The £100-a-week production worker had gone to a quiet corner on the night shift, removed his shoes and socks, covered himself and slept. He told the tribunal in Bedford this summer that everyone on night shift either slept or played cards after completing their work quota.

The tribunal ruled that he was dismissed unfairly, although he was 50 per cent to blame.

They had been told that two other men caught sleeping had been suspended, and ruled that "sleeping after one has finished one's work is not gross misconduct."

In yesterday's ruling the tribunal awarded Mr. Ayub, who is still unemployed, a total of £7,319.

The tribunal decided that the reason for Vauxhall's stand was "not the fact that he was caught sleeping but the fact that this case has had a lot of publicity, and the credibility of the company would suffer."

"We are not satisfied the company has made out a case that it was not practicable to re-engage the applicant. We do not regard this as a mere technical breach."

The tribunal also accepted that the publicity had made it more difficult for Mr. Ayub to get another job.

Bakery strike arbitration

BOTH SIDES in the bread strike, now in its second week, will attend talks at the London headquarters of the Advisory, Conciliation and Arbitration Service this morning. The Bakers, Food, and Allied Workers Union is seeking pay increases of 26 per cent and has rejected a Federation of Bakers offer of 5 per cent plus a 6 per cent productivity deal.

Steel workers' pay claim exceeds guidelines

BY PAULINE CLARK, LABOUR STAFF

THE 110,000-strong Iron and Steel Trades Confederation, the biggest union in the nationalised steel industry, has drawn up an 8 per cent pay claim for all its manual and staff members in the loss-making British Steel Corporation.

The claim, now finalised by the union's three negotiating committees, is expected to be tabled with British Steel on December 1 in defiance of the Government's 5 per cent pay guidelines.

Compared with other public-sector demands so far in the present wage round, however, the claim appears modest and is tied closely to cost-of-living rises. The National Union of Mineworkers, for example, will be tabling a claim next week for a 40 per cent pay rise for its 295,000 members.

The steelworkers' claim almost certainly takes account of the continuing massive losses being incurred in the industry as a result of the world-wide steel recession.

British Steel is expected shortly to announce a loss in the first six months of this year from April of nearly £160m, suggesting that losses are still running at about £500m a year, as in 1976-77.

In the past few months, steel workers in the majority of British Steel works have also seen for the first time the financial benefits of newly introduced work-measured incentive bonuses—a self-financing productivity scheme which received union co-operation as part of last year's 10 per cent pay settlement.

The scheme arose out of an agreement reached in January 1975, but has not been implemented until recently because of Government pay restrictions.

Since that time British Steel's de-manning needs have created some union reluctance to the scheme. Originally intended as an encouragement to greater productivity and better industrial relations, it came to be seen as a management tool for accelerating redundancies.

Locally, however, the scheme seems to have gained widespread acceptance, and is expected to boost earnings considerably in areas where redundancies have taken place. Overall this year, British Steel has axed some 17,000 jobs, reducing its total workforce by some 40,000 to 180,000 in less than four years.

In the Welsh division a recent big rise in steel output is already being attributed largely to the scheme. Incentives were introduced at Port Talbot and Llanwern about two months ago among process workers, and the latest figures show a total 128,400 tonnes sheet-steel output in the week ending October 28—a record since June, 1973, when the division was employing some 8,000 more steel workers.

Steelworkers' earnings without the bonus are said to range from £50 a week to £145 a week, with an average of about £86.

Shipping unions seek job security on sea oil rigs

BY NICK GARNETT, LABOUR STAFF

SHIPPING UNIONS are expecting a further meeting with Government officials to discuss redundancies on British-flag North Sea drilling rigs following talks with Ministers earlier this week.

The unions have been pressing the Government for action to secure employment on British owned drilling rigs and supply boats in the North Sea's British sector.

This has been coupled with severe criticism of the amount of work being given to foreign-owned vessels when British seafarers are facing difficulties in keeping employment.

Union officials of the British Seafarers Joint Council met Mr. Dickson Mabon, Minister of State at the Department of Energy, on Monday to discuss the problem.

They complained that foreign-flag supply ships were being used with manning levels significantly below those on British ships, thereby taking unfair competitive advantage.

Mr. Syd [illegible], national secretary of the Merchant Navy and Airline Officers' Association, said yesterday the talks with Ministers had indicated that there would be positive developments for securing employment on rigs in the long term. There was little sign, however, of anything in the immediate future.

The Association and the Radio and Electronic Officers' Union have agreed to set up a joint working group to investigate a merger of the two unions.

The executive of the radio officers decided not to accept an earlier statement of intent which made detailed proposals on integration.

Management 'must meet employees more often'

BY COLLEEN TOOMEY

MANAGEMENT AND employees must get together more regularly to discuss the company's financial position rather than discussing and explaining figures during a wage bargaining situation, Mr. [illegible] Owen, employee relations adviser of Unilever, said yesterday.

Employees had always had access to company's statements, but it was up to the management to ensure that the figures were properly and regularly explained.

At a London conference on the disclosure of financial information to employees, Mr. Owen told delegates that there were risks involved with providing financial information to workers, but they must be taken. Some unions would not be able nor want to understand financial information. But if disclosure was used as a vehicle for explaining financial terms and as a platform for future discussions, it would be industrial participation at grass roots level.

Only about 300 companies in the UK are involved in regular monthly discussion sessions for employees and management.

Proposed statement on collective bargaining, costs and prices

THE PROPOSED TUC-Government statement on Collective Bargaining, Costs and Prices issued yesterday, states:

1—The Government and the TUC agree that the fundamental objective of economic policy in 1978-79 is to keep the annual rate of inflation at not more than the present level, and indeed to bring it down further, as a contribution to their aim to reduce unemployment, promote growth and improve real living standards.

Policies affecting costs, incomes, investment, the exchange rate and fiscal and monetary developments must be related to this objective.

2—The Government, in consultation with the TUC and the CBI, will strengthen the Price Commission, review the safeguard clauses with the aim of extending the discretion of the Price Commission, and secure the maximum practicable interval between price increases.

Efficiency

The TUC believes that there is a legitimate function for the Price Commission in examining all elemens of proposed price increases, including raw material, labour and capital costs, without discrimination between the production and distribution stages; and that, as indicated in the TUC guidance attached, employers should give public commitments on prices as part of collective agreements.

3—The Government and the TUC agree that negotiators should focus on the need to secure the maximum efficiency in the use of resources and the containment of unit costs.

This will help ensure that the agreed inflation objective is attained, at the same time improving competitiveness, increasing job security, enabling expansion of investment and employment, and providing the basis for higher living standards for workpeople, including reductions in working hours.

For these purposes negotiators must have regard to the need to produce a balanced allocation of benefits between workers, investment and consumers.

4.—The TUC will continue to play its part in the industrial strategy with the aim of securing major improvements in the way industrial assets are used. The TUC will continue to give maximum publicity and encouragement on the industrial strategy to its members.

5.—The Government reaffirms its position as stated in the White Paper "Winning the Battle Against Inflation," including the maximum level of settlements consistent with the agreed objective and discretionary action, where necessary, to support it.

Emphasis

6.—The TUC remains committed to voluntary collective bargaining and believes that adherence to its guidance to negotiators, as set out in the attached annex, will result in settlements consistent with the agreed objectives set out in paragraph 1. It also believes that the threat or the use of sanctions in these circumstances is neither necessary nor desirable.

7.—Consideration has been given to the TUC guidance and to the special problems of low pay and certain public services. The Government welcomes the emphasis in the TUC guidance to negotiators on the price consequences of individual settlements. In considering discretionary action the Government will take into account the price consequences of that settlement as one relevant factor.

8.—On low pay, a major objective is to ensure that workers receive the appropriate terms and conditions of employment, which will involve continued use of the Fair Wages Resolution and Schedule 11 of the Employment Protection Act.

Separate

9.—The Government will arrange an urgent examination of the existing arrangements—both legislative and administrative—governing wages councils to ensure that there are effective means of carrying out the dual role of improving low pay and encouraging the development of normal collective bargaining in these industries, including the publication of annual reviews of progress towards these objectives.

The examination will also cover ways of facilitating the transformation of wages councils into statutory joint industrial councils as envisaged in Section 90 of the Employment Protection Act, and methods of ensuring that wages councils take full account of low pay objectives appropriate to them.

The Government, meanwhile, will draw these considerations to the notice of wages councils. Ways in which the servicing arrangements of wages councils can be improved will be a subject for a separate examination.

10. The Government and the TUC believe that in some areas of the public sector other than those engaged in trading, there is a greater role for comparability in determining pay. The precise areas and methods will be a matter for negotiation between the employers and unions concerned, but the guiding principle should be the achievement of comparable earnings for comparable work.

The Government and the TUC recognise that the establishment of levels of pay by such methods does not provide any automatic basis for increases for groups not part of the exercise. Where these general principles have been appropriately observed the Government will be prepared to see settlements implemented subject to agreement on staging.

11.—Progress towards the agreed objectives and any action which may from time to time be needed will be discussed at monthly meetings between Ministers and representatives of the TUC, which will cover all relevant economic issues.

12. For the future, the Government and the TUC will make arrangements for annual discussion of the whole range of social and economic matters which are their common concern, including a common understanding on the prospects, for pay and prices.

TUC guidance to negotiators

1—As part of the understanding on prices and collective bargaining reached between the TUC and the Government on November 14 it was agreed that trade unions should explore ways of reducing or stabilising prices both in the process of bargaining and during the currency of agreements, and give guidance to affiliated unions on this.

2—In the light of the agreement between the TUC and the Government that the fundamental objective of economic policy in 1978-79 is to keep the annual rate of inflation at or below the present level, as an integral part of the policy to reduce unemployment, promote growth and improve living standards, the TUC General Council wishes to draw certain points to the attention of negotiators.

3—The General Council will not "vet" claims, act as watchdogs in the process of negotiations, or scrutinise settlements. They believe, on the contrary, that negotiators should themselves accept the specific responsibility both in the framing of claims and in the process of negotiation, to ensure that the guidance both in spirit and in letter is fully respected.

Framing of claims

4—Unions should seek the maximum efficiency in the use of resources and have regard to the need to produce a balanced allocation of benefits between workers, investment and the consumer. To this end:

(i)—When framing claims, both in the private sector and in nationalised industries, unions should consider the impact of their proposals on prices.

(ii)—They should seek stability in the price of the product wherever possible, and in all cases have regard to the impact on the overall price level, recognising the need to keep inflation from rising above the present level.

(iii)—Increased productivity and better utilisation of capital equipment should always be considered as a means of combining the objectives of price stability, improved competitiveness and higher living standards for workpeople.

(iv)—Where firms are in a strong market position, they should be pressed to expand output and investment, rather than increase prices to the consumer.

(v)—A longer timescale than one year in many cases may be the correct strategy for dealing with some of the points outlined above.

Yardstick

5—Negotiators should embody in agreements commitments by employers about price intentions; these to constitute a yardstick against which future action can be judged.

6—**In the course of negotiations:**

(i)—Employers should be pressed to disclose the whole of the structure of costs in the enterprise, namely material costs and capital costs as well as labour costs, the latter comprising all grades including the remuneration and fringe benefits of senior executives and directors.

(ii)—Unions should be prepared to take full account of the information disclosed when considering a proper level of settlement.

(iii)—Unions are not, however, expected to accept unilateral statements by employers on the effect of pay adjustments on prices unless they are prepared to demonstrate this in detail.

(iv)—Unions should not be satisfied with the minimum information needed to meet statutory requirements, particularly where employers cite wider issues of future plans and job security in responding to claims.

Surveillance

7—The TUC and the Government will meet each month and will review the operation of the above guidelines as part of the overall surveillance of the operation of the joint understanding and the need for the rate of inflation to be kept to the present level or below.

PARLIAMENT AND POLITICS

Threat to quit is no way to argue with EEC—Owen

BY IVOR OWEN

RATIONAL ARGUMENT and not threats of withdrawal from the EEC will remain the basis of Government policy in the negotiations to secure the changes needed in the Community budget to ensure that Britain does not become the largest net contributor by 1980, Dr. David Owen, Foreign Secretary, told the Commons.

He bluntly rejected demands from anti-Marketeers on both sides of the House that the withdrawals threat should be used to fortify the Government's negotiating position.

Dr. Owen contended that the case for achieving a better balance in the Community budget, particularly for agricultural expenditure, was made all the stronger when account was taken of the impact which would be made by the entry of Greece, Portugal and Spain into the Community.

On the assumption that Community policies remained unchanged and that agricultural production in the three applicant countries remained at the present level, he calculated that enlargement would involve the UK in an extra budgetary cost of £90m to £115m a year at 1977 prices.

Dr. Owen maintained that the position of the three applicant States should also be considered in the context of the proposed European Monetary System.

In doing so he confirmed the impression that Britain will not be among the initial members if Germ[any an]d France persist in their [determ]ination to see it set up in [the ea]rly part of next year.

He [undel]ined the importance of ens[uring t]hat whatever system was ad[opted wo]uld not impose undue ri[gidity] on exchange rates, with d[eflation]ary effects on the weaker [econ]omies while failing to gras[p the n]ettle of resource transfe[rs adeq]uate to overcome any suc[h adver]se impact.

Mr. E[ric He]ffer (Lab Liverpool Walton) [a m]ember of Labour's NEC, wa[rnin]g the anti-Marketeers on [the] Government backbenches [c]alled on the Government [to ma]ke it clear that if it prove[d imp]ossible to secure the nece[ssary] changes in the Commun[ity b]udget, Britain would "[ne]gotiate ourselves out."

The [Fore]ign Secretary retorted "[I do]n't think that is the way [to achi]eve the negotiating obje[ctives] that we have set."

But he [tol]d the House that if persua[sion fa]iled, the Government wou[ld be] ready to use its negotiatin[g str]ength, including the tactic [of d]elaying progress in other [area]s of Community policy.

"There [are] many ways in which an [indi]vidual member State coul[d hold] up progress.

While h[e wa]s reluctant to advocate u[se of] the veto, this would have [to] be considered if it became [a ma]tter of national importance [that] changes in the present bu[dget]ary arrangements should be [illegible]

MR. DOUGLAS HURD

Dr. Owen emphasised the value of the stimulus of enlargement—the most serious single issue facing the EEC—in getting the Community to agree to rethink the consequences of the Common Agricultural Policy.

Considerable progress had been made with the Greek negotiations over the past year, and he believed that the Community should aim to sign the accession treaty by next July.

Allowing at least a year for ratification, this would probably mean Greece's formal entry by January 1, 1981.

Negotiations with Portugal were likely to take two years, and this pointed to entry in 1982.

He hoped that a decision to open negotiations with Spain would be taken at next month's meeting of the EEC Council of Ministers.

For the Opposition, Mr. Douglas Hurd said the Tories warmly supported the membership of Greece, Portugal and Spain.

"When they come to us and say that, in order to maintain their democracy, they need to join this institution, which is the nucleus of democracy, we cannot say that they do not know what they are talking about.

"We cannot say that we are too busy with our own affairs to take them in. That would be a cowardly attitude to take."

It was important that having Greece as a member of the Community would in no way alienate Turkey. There was a danger that the Community would not pay enough attention to Turkish sensibilities.

The applications to enlarge the Community would test its energies and imagination. In the Tories' view, "the passing of that test by the Community should be high among the priorities of Europe."

We stay in Europe — Callaghan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister yesterday firmly rejected demands from Labour anti-Marketeers that Britain should quit the EEC because of lack of progress in reforming the Common Agricultural Policy and other Community institutions.

Mr. Callaghan was answering questions in the Commons after his Guildhall speech of the previous night in which he called for urgent and fundamental reforms in the Community and warned that Britain could not become the largest net contributor to the EEC budget.

"The necessity for Europe is a closer combination and not to split up. It would undoubtedly create a tremendous furore among European countries if a major member were to consider leaving," he told MPs.

"I don't believe we should do that. We had a referendum on the [subject] with a positive result."

Some Labour MPs would be more helpful if they made constructive criticisms to achieve a proper balance between demands made on member countries and the resources paid out to them.

Mr. Callaghan was answering Mr. Norman Buchan (Lab. Renfrew W), an opponent of the Market, who maintained that the warnings which had been given about the dangers of Britain's entry had now been proved right.

Mr. Buchan called for the appointment of a Minister for Europe who would end up by taking Britain out.

A Labour Left-winger, Mr. Max Madden (Sowerby) said the Government shou[ld no]w accept that the proposed [Euro]pean Monetary System was a [de]ad duck."

Unless the[re wa]s early and substantial re[form] within the Market, Brit[ish] withdrawal would be a rea[l poss]ibility.

The Prime [Minist]er told him that it was far b[etter] for Britain to try to make [the] necessary reforms as a m[att]er of the Market and no[t ta]lk about leaving at this stag[e].

"There would [be su]bstantial disadvantages in [leavin]g," he declared.

The question of the [EM]S would be discussed at the [mee]ting of Finance Ministers on [No]vember 20. He would be tak[ing] up the matter again with [the] other Heads of Government [late]r in December.

Mr. Terry Walker (Lab. Kingswood) complained [of] the shortcomings of the [structure] of the EEC, particularl[y] of the system of agricultural support.

The Prime Minister replied that what was needed was a broad balance between the interests of all members of the Community. If its long-term objectives were to be fulfilled, then there should not be the present imbalance.

A pro-Marketeer, Mr. Alan Lee Williams (Lab., Hornchurch) also suggested the appointment of a special Minister for the EEC.

But he thought that the Minister's responsibility should be to co-ordinate the activities relating to the EEC and explain to the people some of the advantages and disadvantages.

Mr. Callaghan told him that at the moment the balance was on the plus side for political co-operation and on some of the decisions taken on steel and textiles. He doubted whether we could have taken such actions on our own

This did not detract from the need for Britain to get a proper balance on the financial contribution we were making to the Community.

High-tar cigarette output

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE HIGH-TAR end of the cigarette market has been sharply reduced since the Government raised the tax on high-tar cigarettes in the last Budget

Mr. Robert Sheldon, Financial Secretary to the Treasury, yesterday told the Commons that the proportion of the cigarette market affected by the surcharge was now only [illegible] per cent. compared with the [1]5 per cent of the market thought likely to be hit at the time of the Budget last April.

This meant that the yield from the surcharge was now only expected to be about £10m. compared with about £25m. which might have accrued to the Exchequer had no change in the cigarette market occurred.

Exit the standard-bearer

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. WILLIAM WOLFE'S decision, which he explained at Press conference in Edinburgh yesterday, to stand down after 10 years as chairman of the Scottish National Party, could mark a fundamental shift in the direction of the independence movement north of the border.

When he took over the leadership at the age of 43 a decade ago, he was regarded as the young standard-bearer of a new thrusting nationalism.

Behind him was the spectacular victory of the Hamilton by-election, before him the rise of the SNP in 1974 to challenge the Liberals as the third force in British politics.

But the years since then have not seen the inexorable climb of the party to the peak it had envisaged.

After topping the opinion polls in 1975-76, it has slowly dropped back, so that it is now behind both Labour and the Conservatives and is in a less advantageous position than at the last General Election.

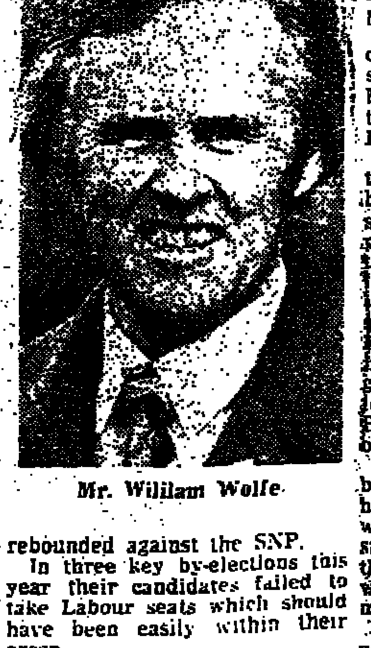
A separate, sovereign Scotland—the ultimate goal of the party—is now as far away as it was five years ago.

Devolution

The SNP has achieved much, but its achievements have been used against it.

Despite Labour's claims to be the author of the devolution policy, there can be no doubt that the electoral force of the Scottish Nationalists and the key position of their 11 MPs before the Lib/Lab agreement at the beginning of last year provided the political drive behind the proposal to set up a legislative assembly in Scotland.

But Labour's shrewd manoeuvring and the uncertainty of the Nationalists over whether they are prepared to work through a devolved framework or go all out for independence regardless of the constitutional implications for the rest of the UK have rebounded against the SNP.



Mr. William Wolfe

In three key by-elections this year their candidates failed to take Labour seats which should have been easily within their grasp.

The dilemma is still one which the party has to face, and—although he shrank from spelling it out in public—Mr. Wolfe's decision to go at the next party conference in May has been influenced by last week's Commons vote on the Queen's Speech.

The party executive and Mr. Wolfe himself strongly counselled the MPs to vote with the Government, arguing that an election now would not only place the SNP's Parliamentary strength in jeopardy but would endanger the establishment of an assembly which, in Mr. Wolfe's words, would provide the best opportunity yet for the party to put its case for independence before the people of Scotland.

Yet, in the event, only one MP, Mr. George Reid (Clackmannan and East Stirling), voted with the Government, one, Mr. Hamish Watt (Banff), abstained. Nine defied the wishes of the party and sided with the Tories.

The end-result was hardly disastrous and there have been suggestions that the nine SNP MPs had calculated in advance that their votes would not put Labour or the assembly at risk.

Nevertheless, the party executive feels itself slighted and believes that advantage in the short-term gain of Westminster politics has been placed above the longer-term goal of independence via devolution.

Mr. Wolfe is sanguine: "This struggle to upset the British Establishment and achieve independence for Scotland is not going to be won without a lot of tension and a lot of difficulty. But difficulties are made to be overcome."

He also knows that his own brand of gradualist nationalism has lost a battle. His failure to win the West Lothian constituency from Mr. Tam Dalyell, the arch-opponent of devolution within the Labour Party, has made him vulnerable.

Now his own constituency party has nominated Mr. Gordon Wilson, MP for Dundee East, and deputy leader of the Parliamentary group, as the next chairman.

Mr. William Wolfe's decision to stand down as SNP chairman could mark a fundamental shift in the direction of the movement North of the Border

Majority

Probably the most able political brain within the party, Mr. Wilson commands a wide following and has a far better than even chance of winning.

With a majority of nearly 7,000, he should also be secure in his Parliamentary seat at the next election—in contrast to most of his colleagues.

He could, therefore, weld together for the first time the party in Scotland and the group at Westminster, which have hardly seen eye-to-eye since 1974.

But if he does so, the SNP is likely to emerge as a much more aggressive party, for Mr. Wilson is a fundamentalist.

He accepts devolution as a step in the right direction, but will not let it deflect him from putting what he sees as Scotland's interests first — whatever that may mean for the rest of Britain.

Mr. Cecil Clothier to be new Ombudsman

A BARRISTER, Mr. Cecil Montacute Clothier, is the new Ombudsman in succession to Sir Idwal Pugh.

The Prime Minister, making the announcement in a Commons written reply, said the 59-year-old QC will be Parliamentary Commissioner for Administration, and Health Service Commissioner for England, Scotland, and Wales.

He takes up his new duties on January 3.

Mr. Clothier is the first Ombudsman to be appointed from outside the Civil Service.

Mr. Callaghan said: "On the establishment of a Scottish Assembly under the Scotland Act, 1978, the Parliamentary Commissioner is to be given responsibility for the investigation of complaints against the Assembly, pending the making by the Assembly of other arrangements.

Recorder

"The Assembly is to assume immediate responsibility for the complaints machinery in the National Health Service in Scotland, but the post of Health Service Commissioner for Scotland will continue unless changed by legislation.

"On the establishment of a Welsh Assembly under the Wales Act 1978, the Parliamentary Commissioner is to be given responsibility for the investigation of complaints against the Assembly, while the Health Service Commissioner for Wales will continue to investigate complaints about the NHS."

Mr. Pugh, 60, has been Parliamentary Commissioner for Administration and Health Service Commissioner for England, Scotland and Wales since 1976.

Mr. Clothier has been a Recorder, and Judge of Appeal in the Isle of Man since 1972.

PM rejects blame for rise in mortgage rates

BY JOHN HUNT

THE RISE in Minimum Lending Rate to 12½ per cent and of mortgage rates to 11¾ per cent had not been caused by the size of the Government's borrowing requirement, the Prime Minister told the Commons.

His denial came during a duel with Mrs. Margaret Thatcher, Conservative Party leader, and backbench Conservative MPs.

Mrs. Thatcher asked Mr. Callaghan to explain why the typical home buyer was now having to pay an extra £16 a month as a result in the rise of mortgage rate.

It was the second time under the present Government that the rate had risen to historically high figures, she said. The first time was in 1976 when it rose to a record 12¼ per cent.

Under Mr. Callaghan's leadership the Government had a worse record on mortgages than any of its predecessors, she maintained.

In reply, the Prime Minister pointed out that after tax deductions the new mortgage increase would be less than £16 a month.

"The plain truth is that the British people would prefer to see inflation conquered, whatever short term steps are necessary."

Inflation

It was in the national interest that mortgage rates had been increased in order to keep inflation under control.

Mr. Ian Gow (Cons. Eastbourne) said that it was clear that the rise in MLR and mortgage rate was duet to excessive government borrowing. He urged Mr. urged Mr. Callaghan to admit this.

Mr Callaghan: "No sir, that is certainly untrue. The borrowing requirement of this government is not out of line with that of similar governments. Indeed, it is far lower than that of a number of comparable countries."

MR. JAMES CALLAGHAN

It was not the borrowing requirement that was causing inflation but a number of other factors which the Chancellor had outlined in recent speeches.

Mr. John Pardoe, Liberal Economics spokesman, wanted to know how industrialists were supposed to increase production with MLR at 12½ per cent.

He could see no difference between the Government's addiction to the "nonsense of monetarism" and that of Mrs. Thatcher.

We were having to pay the price of the failure of successive Labour and Conservative Governments to enforce effective wage policies, Mr. Pardoe said.

Mr. Andrew Mackay (Cons. Stechford) declared that during this year, mortgage repayments had gone up by a record 37 per cent. The PM should tell home buyers that this was entirely due to his incompetent handling of the economy.

Mr. Callaghan did not see how Mr. MacKay could take this view at a time when building societies were paying out more in loans than ever before. Despite the record loans figure, still more people were "in the field" for buying homes.

Elinor Goodman adds: Further evidence of the anger among Labour Left-wingers caused by last week's increase in interest rates came yesterday when two separate early day motions were put down condemning the rise.

Overnight

One, signed by Mr. Neil Kinnock, one of the party's acknowledged wits, is entitled "Building Societies and the Law of Gravity."

It urges the Government to investigate the situation whereby, Mr. Kinnock says, when MLR is increased, building societies raise their charges to homebuyers overnight, whereas when the rate is reduced, there is a considerable time-lag before the mortgage rate comes down.

The motion urges the Government to ban what it describes as the "application of the money-lenders' law of gravity, that what goes up quick, comes down slow."

Move to recruit more driving examiners

THE GOVERNMENT is stepping up its campaign to recruit more driving examiners because learners are having to wait so long for their tests, Mr. William Rodgers, Transport Secretary, said. The average waiting time was 22½ weeks.

He told Mr. David Watkins (Lab. Consett): "There are vacancies for examiners throughout the country but the results of recent recruitment efforts have been disappointing."

The Management Page

EDITED BY CHRISTOPHER LORENZ

A leading shoe company is put on a firmer footing

BY MARTIN TAYLOR

BETWEEN 1971 and 1973 the Northamptonshire footwear company John White raised annual sales from £6.5m to £43.2m. largely through an aggressive acquisition policy.

In 1972 it merged with the Leicestershire company George Ward, and renamed itself the Ward White Group. the following year it absorbed Britton's, the Tuf shoe manufacturer, after an acrimonious takeover battle.

In the autumn of 1973 the group's financial advisers suggested that a rights issue would be a practical way of relieving the very high degree of gearing — borrowings, at £12m. were twice the level of shareholders' funds. But the company decided it could trade out of this position and did not need to issue shares.

It turned out to be an expensive mistake. With the sharp rise in interest rates the following year and the three-day week Ward White found itself in trouble. It was highly — and expensively — geared and had surplus production capacity. Profits were down 26 per cent in 1974, at £1.32m pre-tax. and the company entered 1975 making losses. The shares, which this year have traded up to 118p. fell to 11p.

It is from this unpromising position, which was a far cry from the days when John White founded the company in Higham Ferrers in 1919, that the company has recovered. Profits have risen steadily since then to reach £3.1m pre-tax in 1977 and £2.2m for the first half of this year. The recovery, which the managing director, Mr. Philip Birch, believes is still on the way up, has followed a reorganisation of the group's management structure, a significant switch in its commercial interests, heavy shedding of manpower and a gradual return towards a more stable financial position.

The most bitter medicine had to come first. In 1975 the company cut its workforce to 5,000 from 7,000 and reduced capacity, with co-operation from trade unions which had feared a total shutdown. The capacity problem had been, if anything, exacerbated by the acquisition of Brittons: Tuf's appeal was slipping after reaching a peak in the late 1960s.

At the same time, a rising volume of imports as a proportion of total sales was making life difficult for manufacturers, particularly at the cheap end of the market: a clear trend was also developing in favour of shoes marketed under the names of high-street chains rather than manufacturers' brands.

Under these conditions slimming-down, although essential for survival, was not enough. The company began to change the bias of its commercial interests in order to avoid competition from imports as much as possible, and to preserve its profit margins and feed the retail market more efficiently.

Cyclical

The shoe market is unpredictably cyclical. What had interested Ward White in Brittons, therefore, was not so much the declining Tuf division, although it believed that this could be turned round, but its safety footwear division, which manufactured specialist shoes for heavy industry. This market is seen as less cyclical and since Ward White itself already had some plant making army boots and mining footwear, it intended to expand this division. As well as being undisturbed by changing fashions, it also offers a good deal of room for growth as industry becomes increasingly safety-conscious.

This diversification has been extended with the turning over of 60 per cent of Britton's Bristol factory to safety footwear manufacture, and the acquisition, earlier this year, of the Nottinghamshire firm of Betts and Broughton, which specialises in mining boots. With a full year's contribution from Betts and Broughton annual sales of the safety division are now running at around £12m, about a fifth of total turnover.

In order to avoid direct import competition Ward White has also very largely moved out of women's shoes and cheaper men's shoes to concentrate more on fashion shoes for men and top-quality leather-soled men's shoes. Domestic shoe manufacturing sales will be around £21m this year.

The results of these changes were clearly visible in this year's first half results, when profit before tax and interest payments rose 32 per cent on a sales increase of only 6 per cent. The net profit was inflated even further as the interest charge has been falling steadily from its peak in 1975.

What Mr. Birch considers the most important feature of the re-organisation took place in the corporate structure. The manufacturing and distribution divisions were made entirely independent of each other: the distribution division, which had previously acted as a wholesaler, funneling the group's shoe output to retailers, became an independent department, dealing with manufacturers at arms' length and free to deal with outside manufacturers, including foreign firms.

This has forced the manufacturing firms in the Ward White group to be very much on their toes as the distributors will no longer buy shoes from them that they do not want. The marketing—including market research—is done by the distributors, who feed ideas back for the manufacturers' designers to work on. The distributors can take advantage of the import boom by buying abroad—"not junk," says Mr. Birch, "we know what's good"—and will be exporting around £8m of the group's UK production abroad, mostly to North America and Scandinavia. Mr. Birch maintains that the new structure enables the group to identify problems far earlier than was once possible.

The move back into higher profitability has helped the group reduce its heavy gearing: but at the end of 1977, borrowings still totalled £9.5m against share capital and reserves of £9.9m. Since then the acquisition of Betts and Broughton, has raised share capital through a vendor placing of Ward White equity: the company did not repeat the mistake it made in setting terms for the Britton bid when an embarrassing number of Britton shareholders accepted the cash alternative. This year's balance sheet will probably show around £2m of deferred taxation in reserves and shareholders' funds, taking profit retentions into account, ought to rise to around £14m as borrowings fall to £8½m reflecting the paying-off of some dollar and D-mark loans.

Expansion

Mr. Birch believes the balance sheet will improve further next year with more profit retentions and the possibility of more acquisitions by means of issuing shares. At the time of the Betts and Broughton bid Ward White improved the conversion terms on its £2.27m nominal of 10½ per cent convertible preference shares and the company hopes for substantial conversions to take place in 1979. From then on it would prefer to keep borrowings between 30 and 50 per cent of shareholders' funds.

Ward White is feeling its way towards further expansion on a number of possible fronts. Brittons brought with it into the group substantial overseas interests, including manufacturing plant in Australia, Holland and Germany. Germany is seen as a likely target for expansion; at present high-quality children's shoes are made there but the company is anxious to increase its penetration of the adult shoe market.

Wyles shoe retailers, also acquired with Britton, was once a candidate for selling off when the group was in trouble and was disposing of miscellaneous assets but now it is possible that Ward White could move more firmly into retailing. The firm has other useful businesses —sports shoes under the Cheetah label, and small engineering firms that make tanning machinery, industrial cleaning appliances and cabinets for electronic machinery such as the EMI scanner. Wyles shoe shops are not, on the whole, in good situations and the turnover is around £2½m; engineering sales are about £2m.

Mr. Birch makes no secret of his intention to turn Ward White into a broadly-based international group: the process was begun by the Ward merger and now continues after the disruption of 1974-75.

One cannot help feeling that these aspirations would have been regarded as entirely suitable by the company's founder, John White himself. White, who retired from the board, somewhat reluctantly, in 1962 at the age of 78, had built up the company from an operation in a paint shop "clicking" leather uppers with £100 capital (which paid for the paint shop as well as the leather). He was not above trying to boost sales in Macy's in New York by hanging there a portrait of himself in the regalia of the Mayor of Higham Ferrers. He bought a Spitfire for the RAF, and sold boots to both sides in the Spanish Civil War.

In his own version of events, "The John White Story," a riveting account of early twentieth century capitalism, John White attributes a good deal of his success, gained during slumps when his competitors were going out of business and coming to work for him, to cost control. In the Ward White shoe factories men still receive bonuses for their skill in cutting a hide in such a way as to use —say—over 95 per cent of it, and piecework, pioneered by the old man ("I believe all the way through in paying by results") is very much in [illegible] today.

"The authorit[illegible] this time (1941) were ve[illegible] They checked profits [illegible] and always had c[illegible] accountants examining the [illegible]oks," he wrote rather rueful[illegible] "They would get a stack of [illegible] cutting sheets —probably 1,0[illegible] sheets—showing tremendous [illegible] Perhaps the next m[illegible] was showing none [illegible] all and they used to take t[illegible] to him and say "Why can [illegible] White do this and [illegible]?" That made for some bad feeling: but it was just th[illegible] hadn't got the knack o[illegible] costs which I always [illegible]essed."

The result of the cost-watching was that the company had built up substantial amounts of cash by the early 1960s which it then proceeded to squander. The present management, brought in in 1966-67, has had to claw its way back twice— once after the bad years of the mid-1960s and again after the 1974/75 recession. One has the feeling that some mistakes will not be made again: the leather knives are as sharp as ever and the ghost of John White— doubtless appalled by the more outlandish "fashion shoes"— stalks the clicking sheds at Higham Ferrers.

John White, founder of the shoes group bearing his name, pictured in the 193[illegible] [illegible] he once said, the "going was good."

A source of EEC funds for coal and steel producing areas

ONE OF the European organisations less known in the UK but whose activities impinge upon British industry is the European Coal and Steel Community. It was probably in 1973 when with Britain having then joined the ECSC, authorisation by the EEC was required before Guest Keen and Nettlefold's bid for steel stockholder Miles Druce could go through, that the ECSC emerged upon the British scene.

But the ECSC is not just a policing body. It also has a significant role to play as a provider of funds. Under article 54 of the ECSC treaty it is charged with providing direct loans to the coal and steel industries, such as the DM 9m (£2.4m) loan to Thyssen Edelstahlwerke AG, a subsidiary of West Germany's Thyssen AG steel group, announced in September.

Under another article— article 56—it also makes funds available to any industry in coal or steel producing areas for capital projects which absorb workers made redundant in those two industries. A significant point about these funds is that the terms under which they are made available are generally much better than those obtainable in the money markets.

In the UK, the Article 56 loans are administered by the Industrial and Commercial Finance Corporation and the most recent aid to be announced was a £½m loan to Victor Products (Wallsend), a Tyneside-based light engineering company, for a three-year expansion and re-equipment programme which will create over 100 new jobs. Another example, reported earlier this year, was a £20,000 facility to Abrahams, of Gateshead, a glass and metal giftware producer.

Although ICFC applied for a £10m facility in 1975, it is only during the past year or so that its lending activities using ECSC funds have really started to get under way. It stipulated from the start that any funds provided by the ECSC should be in sterling so that neither ICFC, nor its customers, should be exposed to an exchange risk, as would be inherent in any other currency.

As a general policy the ECSC does not raise funds for specific purposes, concentrating more on matching a general lending requirement with a general borrowing requirement. However, as it has an obligation to meet the needs of those seeking funds, it raised sterling funds specifically to satisfy ICFC.

Mr. Donald Clarke, assistant general manager, finance, at Finance for Industry (ICFC's parent company), with responsibility for FFI's fund raising activities is in no doubt where the success of the lending programme in the UK lies. "The thing that has made it really work for us is the fund-raising skill of the ECSC," he comments.

The first tranche of money taken up by ICFC was for £2.9m, which it got for 2 per cent below the general cost of borrowing at that time. This has been followed up with a further £1.75m and it is seeking just under £5.5m more before the end of the year to make up the £10m it first asked for in 1975 to cover the first three years' activities.

To date £1.7m has been lent, a further £2.8m has been approved but is awaiting final sanction by the ECSC, and loans totalling another £2.5m or so are in the course of negotiation. Every project has to be approved by the ECSC.

ICFC does not bear the risk on all of its loans should any go bad. It does so with loans up to £½m, but beyond that figure the risk is borne direct by the ECSC.

As well as a keen rate of interest—about 8¼ to 9 per cent so far on six or seven year money—borrowers can get further relief. The level is 3 per cent a year on all or part of the loan for the first five years. The amount of loan eligible is determined by the number of jobs created, and for each new job £10,000 qualifies for relief. Funds for this are generated by a levy the ECSC makes on all coal and steel producers in the EEC.

Eligibility for an ECSC loan is, in broad terms, dependent only on whether a capital project—whatever the industry involved—will absorb redundant steel or coal workers.

ICFC now wants to take on a further £10m loan to cover it for the next three years. It first has to have Department of Industry permission to do so, but it seems unlikely this will be refused. Meanwhile, ICFC now finds itself in competition with the DoI for this type of lending. This arises from the fact that the DoI took up a mixed currency loan from the European Investment Bank earlier this year which makes available to companies in British development areas. Some capital projects may well be of a type that are eligible for ECSC loans also.

The DoI provides an exchange guarantee on its EIB fund loans and has also extended its guarantee to cover larger loans which the ECSC makes direct to companies in the UK. The guarantee does not, however, cover ICFC's smaller scale loans from ECSC funds. This is clearly a point of contention for ICFC since it feels that, while its activities have gone well so far with sterling funds, it would have greater flexibility and could offer even cheaper loans if it could use mixed currencies from the ECSC, but without exchange risk to itself or its customers.

Nicholas Leslie

BRUSSELS

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Joint names

Is it possible to register shares in joint names in the same way as can be done with real property?

There is no reason why shares or stock should not be held jointly. Most companies' articles of association provide for voting rights in respect of such shares to be exercisable by one joint holder only: usually the person whose name appears first on the register [illegible]

Share relief

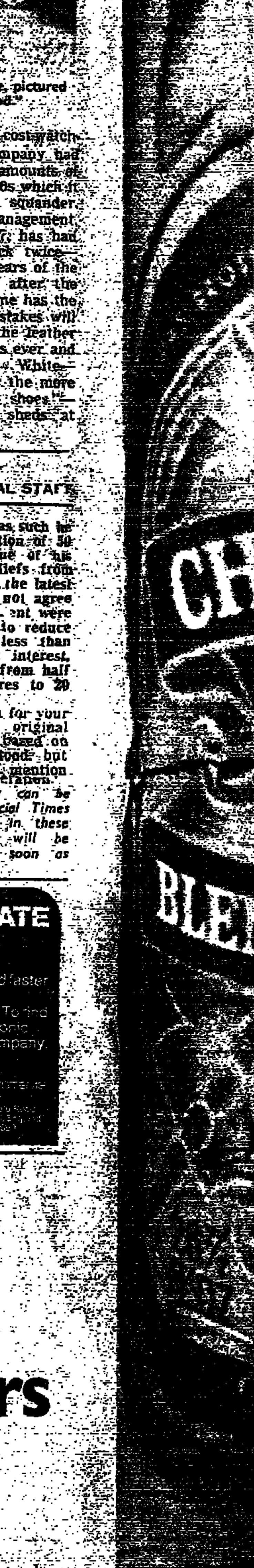
With reference to your reply under Sh[illegible] (Business Problems, August 2), your inquirer appears to have a controlling shareholding in a small limited private company and as such he could obtain a reduction of 50 per cent in the value of his shares under the reliefs from capital transfer tax in the latest Finance Act. Do you not agree that if your correspondent were to adopt your advice to reduce his shareholding to less than that of a controlling interest, such relief will drop from half the value of the shares to 20 per cent?

We are grateful to you for your observations. Our original answer was of course based on the law as it then stood, but the reliefs [illegible] you mention will no[illegible] come into operation.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.



مكتبة الأصل


12 YEARS OLD
CHIVAS REGAL
FOUNDED 1801
BLENDED SCOTCH WHISKY
Since you have to pay the penalty for being in your bracket,
you might as well reap some of the rewards.

LOMBARD

Banks—what's in a name?

BY MICHAEL BLANDEN

OF THE 17 members of the Accepting Houses Committee, there is only one—Hambros—which actually uses the word "bank" in its official title. These companies enjoy special privileges and relationships with the Bank of England, and are generally accepted as the top echelon of the City's merchant banking community.

They are content to rely on the strength of their own family names, Rothschild, Baring, Lazard, Hill Samuel and the rest, and their known reputation in carrying on their business, and do not need to advertise their status. For quite a lot of other institutions in the financial sector, perhaps less eminent but many of them equally respectable, the ability to describe themselves as carrying on a banking businesss is important.

Central role

By and large, the banking Bill is welcomed by the financial community. The clearing banks continue to object, and they repeated their arguments when the Bill appeared, to being required to provide the bulk of the money needed to support the deposit protection fund. But it is recognised that it is high time that the Government sorted out the confusion over the various forms of banking recognition which contributed to making the fringe banking crisis possible.

It is regarded as a good thing that the legislation will confirm the central role of the Bank of England in the supervision of banks and other deposit-taking institutions, and that it will retain a good deal of flexibility to continue with its traditionally personal style of supervision. The proposed two-tier system of authorisation, dividing the industry into recognised banks and licensed deposit-taking institutions, however, is causing some nail-biting in certain quarters.

The legislation lays down that only those institutions which are accorded the status of recognised banks will be able to use the name bank or its derivatives in promoting their services. For some of them, among the finance houses and some smaller institutions, this matters. The way in which the Bank exercises its responsibilities will therefore have a significant effect on the operations of quite a few companies.

Obviously, the big clearing banks and the accepting houses will be included in the banking category. It will be surprising if virtually all of the upwards of 250 banks in the City which are now authorised for the conduct of foreign exchange business are not accorded full recognition. But this still leaves a grey area. Some of the finance houses have expresed their anxiety that, having become accustomed to describing themselves as carrying on a banking business, they will suffer if deprived of the privilege. There are others, for example, among the issuing houses, which could be affected.

The Bank does have a considerable degree of flexibility. The big banks will have to provide a wide range of services, including current and deposit accounts, overdrafts or loans, foreign exchange, bills of exchange and financial advice, to qualify for recognition. But the Bank will be able to disregard some gaps if it chooses. And the Bill also allows the Bank to recognise much smaller institutions if they are providing "a highly specialised banking service."

Until the new law is put into effect, however, there will continue to be uncertainty in a number of institutions over whether they will be included in the recognised banking category. If they fail to make the grade, their fate will be to become merely licensed deposit-taking institutions. In this category, they will require a licence from the Bank to take deposits from the public, and will be subject to a rather more formal kind of supervision.

This may not sound so bad. The institutions will not be prevented from carrying on their business, and in most cases are unlikely to suffer much from not being able to call themselves banks. If they develop, moreover, there will always be a door open for them eventually to qualify for recognition. Nevertheless, there is no doubt that a number of institutions would regard themselves as having been put into a clearly inferior category.

Wide spectrum

One of the main problems is that this group will cover such a wide spectrum of companies. Nobody is sure just how many will emerge when the new provisions are put into effect; many existing small companies may give up rather than try to meet the Bank's criteria. It is guessed, however, that there could in the end be between 200 and 300 licensed deposit-takers.

These could include everything from tiny operations in the small towns up to the leading finance houses and even some small but respected City names. The question being asked, therefore, is whether the Government has not gone too far in simplifying the structure of recognitions in the financial market, with a two-tier system eliminating any intermediate gradations towards full banking recognition.

Of trees, seeds and fridges

GARDENS TODAY

BY ROBIN LANE FOX

A TREE-PLANTING week, sponsored by my local council, has coincided with my suggestion that we might all try to grow some trees from seed. The weather has been quite unsuitable for the council's commendable effort. It is far too dry to plant anything except a tulip bulb. But trees from seed have struck a chord with many readers. More detail, they say, would be welcome. So this week, I hope to pass on what I can, learnt from seed-raising practised simply for the fun of it over the years. Those who want more detail on more species should hunt down through their libraries the one book, now out-of-print, which has dealt thoroughly with the subject: W. G. Sheat's *Propagation of Trees, Shrubs and Conifers*. This is a precious guide, but you may find that his advice is too technical. Mine, I assure you, is not.

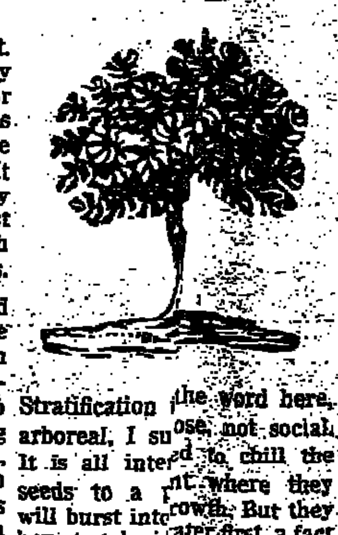
First, some more about the easy ones. Beech, ash and hornbeam are three favourites, not least as beech disease now seems to be on the wane. If you have access to this year's seed, sow it at once in an open sandy compost, leaving the box outdoors during the winter. Otherwise, buy it and sow at once, hoping that you are not being left with the 1977 vintage. The "wings" attached to the seed can be pulled off. The seeds should be buried about a quarter-inch deep. Watch out for the ash, as it may show through early in the year and then succumb to a sharp spring frost. Otherwise, cold weather is no hindrance. You should have no difficulty at all with these useful trees. Though late in leaf, the ash strikes me as a tough, elegant and thoroughly worthwhile thing to own.

For the rest, the big distinction is between seeds which are slow and have to be prepared and seeds which must be caught and sown as soon as they are ripe. The horse chestnuts are quite tricky. You might have thought that the conkers could be stored and sown in early spring, say, when the last frosts would help to crack them. In fact, they dry out and refuse to start into growth. I have only broken their stubbornness by sowing them as soon as they are ripe and keeping them suitably damp.

Maples, mostly, are of similar inclination. Sow them when they are fresh and you will stand a better chance. Yet the field maple, plain *Acer Campestre*, is still a puzzle to me. It ought to be quite simple, one of the standard hedging and screening trees on exposed chalky soils. But I have not had good results when sowing it directly it is ripe. I suspect that it ought to be stratified, an alternative which I will describe. The very fast-growing sugar maple, *Acer Saccharinum*, is the opposite: quite easy from seed which is ripe but not stale. If you have the secret of the lovely red-barked *Acer Griseum* whose seed, remarkably, is still sold, do tell us all. Again and again, I have sown it to no purpose. Perhaps it, too, should be saved and sown at once from a friend's tree before it dries out. Thus bought seed is already over the top. At £10 or so for one tree, when available, this lovely small maple could be worth cracking in a seed-box. It is the one with the notably tattered bark, one of the first choices for any garden which can only house one or two trees.

Before I turn to the second group, there is one fine tree which meets it halfway. How can you be surest of starting a walnut into growth? You have to store its seeds until the spring after they have fallen. Then, the temperature will start them off. But during storage, the seeds must remain fresh. Put them in a box of damp leafmould or peat and keep them watered slightly in a cool place. You have to be careful. Water them too much, and you will cause the seeds to rot. So, go easy on the watering can and be sure to turn over the leafmould and check quite often for rot or mildew. Bring them on until March, then bury them in a light seed compost and you will have no problem. Seedling walnuts grow into fine straight trees and are well worth your attention.

I come now to the last group, those which need to be prepared.



Stratification [illegible] the word here, arboreal, I suppose, not social. It is all intended to chill the seeds to a point where they will burst into growth. But they have to take in water first, a fact which can cause delay. Some seeds have very thick coats which have to be roughed up first. In the wild, they often spend some time in an animal's stomach, a process which helps to break them down. In the garden, you must set aside nearly two seasons for them. There are chemical shortcuts, though hard for amateurs. Rather, you should sow the seeds in coarse damp sand and leave them outdoors, through the cold of winter, the heat of summer, then the cold of winter again. It may seem a bother, but trees as pretty as the *Amelanchier*, now red with its last leaves, will only crack before this long treatment.

For the rest, stratification means one cold winter in damp sand. Cotoneaster, the "pocket handkerchief tree" (not difficult from seed, if sown in spring after this process), oaks, roses and lime-trees: all these have to be chilled for several months before sowing in a damp compost. I like to mix one seed packet with damp gritty sand in a polythene bag and then bury the bag with a marker outdoors in late autumn. In spring, open the bag and sow the mixture, sand and all. It is not easy to foretell which trees insist on this treatment. You have to experiment, ask a nurseryman or consult Mr. Sheat's book. But there is, of course, one short-cut. You can put your polythene bags into the fridge and leave them there for a month or two, sowing after this spell of simulated winter. A fridge, hoteliers will tell you, is now a necessity in luxury bedrooms. In the new treeless Britain, it would no longer be a luxury in the potting-shed, where bags of acorns could well replace the stocks of vodka on the rocks.

Best Boy looks the best bet on drought-hit Newbury card

RACING

BY DOMINIC WIGAN

TWELVE CHASERS still remain in Saturday's Buchanan Whisky Gold Cup (formerly the Black and White) and provided that there is some rain in the Ascot area, the race could develop into an intriguing affair. At present both Night Nurse and Jack Of Trumps, the impressive winner of his preliminary race in Ireland, are intended runners.

The remaining ten to have stood their ground are Carrigeen Hill, Space Project, Good Prospect, Ice Plant, Sunrise Hill, Valiant Charger, Hunter's Joy, I'm A Driver, Lords and Clog Dance.

Looking ahead to another interesting contest on Saturday, the Colonial International Chase at Camden, South Carolina, looks like attracting several European challengers. The five intended raiders from Europe include the 1976 Camden winner, Grand Canyon, The Champ and Mr. Know All. I shall not be surprised if Grand Canyon pulls it off again.

The Chichester gelding appears to be at the peak of his form following two wins from his two appearances this season. His stable companion, The Champ, is another with strong claims. He has already proved his versatility with wins in the Gran Premio de Merano and the Australian Grand National.

Grand Canyon will be ridden by Ron Barry, while Peter Haynes has the mount on The Champ. The only intended French challenger is Mrs. Meg Mullion's Over The River, a winner three times already this year.

Hard ground has again played havoc with the fields and today's Racegoers Club Concession Day card at Newbury sees just 24 horses in action. As a result of Carrigeen Hill, who won his last six races, having been given a walk-over in the Halloween Novices Chase, race timings have been altered with the final four races coming forward by 30 minutes.

Biggest field of the day there is for the opener, Division 1 of the WoodSpeen Novices Hurdles, for which nine have been declared. The winner should come from Best Boy, Valarion and Chichester Bird.

Best Boy, trained by Josh Gifford, found no difficulty in making all his own running to beat the previous Plumpton winner, Living For Kicks, by five lengths at Lingfield eight days ago, and he is my selection.

NEWBURY
1.00—Best Boy***
1.30—Menehall
2.00—Rolyat
2.30—Silver Delight**
3.00—Sir Destrier*

Sir Kenneth picks charity

MOTABILITY, THE voluntary organisation providing cars for disabled people, has been chosen by Sir Kenneth Cork, the new Lord Mayor of London, as the charity of his year.

Sir Kenneth said yesterday that he had chosen this particular charity because it represented a unique example of State and private enterprise working to solve a problem that neither, on its own, was equipped to handle.

He said the organisation's target was to provide cars for everyone qualified who needs one over the next five years. Mobility would need £1.5m a year from private enterprise to achieve the target.

TV/Radio

† Indicates programmes in black and white

BBC 1

9.15 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.10 For Schools, Colleges. 3.00 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.5 John Craven's Newsround. 5.10 The Moon Stallion.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Are You Being Served?
7.15 The Rockford Files.
8.05 Secret Army.
9.00 News.
9.25 The Rise and Fall of Reginald Perrin.
9.55 Sportsnight
10.45 Tonight.
11.25 The Sky at Night.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—10.00-10.20 a.m. and 2.18-2.38 p.m. I Ysgolion. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Llangollen '78. 7.40-8.05 Tomorrow's World. 11.45 News and Weather for Wales.

Scotland—11.00-11.20 a.m. and 2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 9.55-10.45 (Sportsnight) Scottish League Cup Football. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on People in Northern Ireland. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 a.m. Gharbar.
10.45 Parosi.
11.00 Play School. (As BBC-1 3.55 p.m.)
5.35 News on 2 Headlines.
†5.40 Laurel and Hardy Showcase: "One Good Turn."
6.00 Animal World.
6.45 Michael Strogoff
7.45 Mid-Evening News.
7.50 The Story of English Furniture.
8.15 The Money Programme.
9.00 M*A*S*H.
9.25 Play Of The Week: "Shooting the Chandelier," by David Mercer.
11.00 My Kind of Movie: Roald Dahl on "Hud."
11.05 Late News.
11.20 The Strange World of Fernando Botero, painter from Colombia.
11.55 Closedown (Reading).

LONDON

9.30 a.m. Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Rainbow. 12.30 Sounds of Britain. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Moneychangers. 3.50 Tell Me Another. 4.20 The Sooty Show. 4.45 Fanfare For Young Musicians. 5.15 Batman.
5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Wednesday At Eight.
9.00 Edward and Simpson.
10.00 News.
10.30 Mid-Week Sports Special: Harris Carpets Masters Championship from Upminster.
11.30 Late Night Theatre.
12.25 a.m. Close: Derrick Gilbert reads a poem by Robert Herrick.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Chopper Squad. 12.25 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.30 Inside Business.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 The Flintstones. 6.00 Lookaround Wednesday. 11.30 Power Without Glory. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 TV Movie: "The Girls Of Huntington House." 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Arthur. 10.28 Channel Late News. 10.32 The Jersey Battle of Flowers 1978. 10.55 The Senators Results. 11.55 Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 11.30 Barnaby Jones. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Wednesday Matinee: McCoy. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.30 Bluey.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 'Rydw' i am fod . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 2.00 Women Only. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 11.30 Late Call. 11.35 Star Maidens.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.50 The Rolf Harris Show. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.05 Scene Mid-week (South East Area Only). 11.30 Southern News Extra. 11.40 Shannon's Mob.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 North East. 2.00 Women Only. 5.15 Laverne and Shirley. 6.00 Northern Life. 11.30 Inside Business. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Bob Newhart Show. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 TV Movie: "The Girls of Huntington House." 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 S.W.A.T. 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Electric Theatre Show. 12.00 Wild, Wild World of Animals.

RADIO 1 247m

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Tony Blackburn. 4.30 Kid Jensen. 6.30 Radio 1 Mailbag. 7.30 As Radio 2. 10.00 Newsbeat. 10.05 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Barbershop Style '79. 7.30 Listen to the Band with Charlie Chester (S). 8.15 Semprini Serenade (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Max Jaffa says Be My Guest. 11.02 Tennis (latest news). 11.03 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

Radio 2 Scotland Only—8.00-9.30 pm Sportsround Special. Scottish League Cup: Quarter Finals. 9.30 Join the Impresarios.

RADIO 3 464m, Stereo & VHF

6.55 am Weather (comprehensive forecast). 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Hummel (S). 10.00 Flor Peeters organ recital (S). 11.00 Ernest Lush in Brahms Sonatas (S). 11.35 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 "Die Schöne Müllerin," Schubert's song cycle (S). 3.15 BBC Symphony Orchestra (S). 4.00 French Chamber Music (S). 5.00 Building a Library of records (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Violin and piano recital, Falla, Bach, Bazzini (S). 7.00 English National Opera North: "Samson et Dalila" from the Grand Theatre, Leeds, opera in three Acts by Saint-Saëns, Act 1 (S). 7.50 The Arts Worldwide. 8.00 "Samson et Dalila," Act 2 (S). 8.55 The Bible in Victorian Fiction (talk by Michael Wheeler). 9.15 "Samson et Dalila," Act 3 (S). 10.05 Mozart's "Dissonance" Quartet (S). 10.30 Stagflation or Making the Worst of Both Worlds (talk by Professor James Meade). 11.30-11.35 Tonight's Schubert Songs including 11.45 News.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Parent Power. 10.00 News. 10.05 Gardeners' Question Time visits Sussex. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 You, the Jury. 11.50 Through My Window: Peter France in the Cotswolds. 12.00 News. 12.02 pm You and Yours. 12.27 Dr. Finlay's Casebook. 12.55 Weather programme news. 1.00 The World at One. 1.30 The Archer's. 1.45 Woman's Hour including 2.00 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong from Salisbury Cathedral. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather: programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures. 8.15 The Hitchhiker's Guide to the Galaxy (S). 8.45 Analysis. 9.0 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 An Actor in his Time. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m, 417m and 97.3 VHF

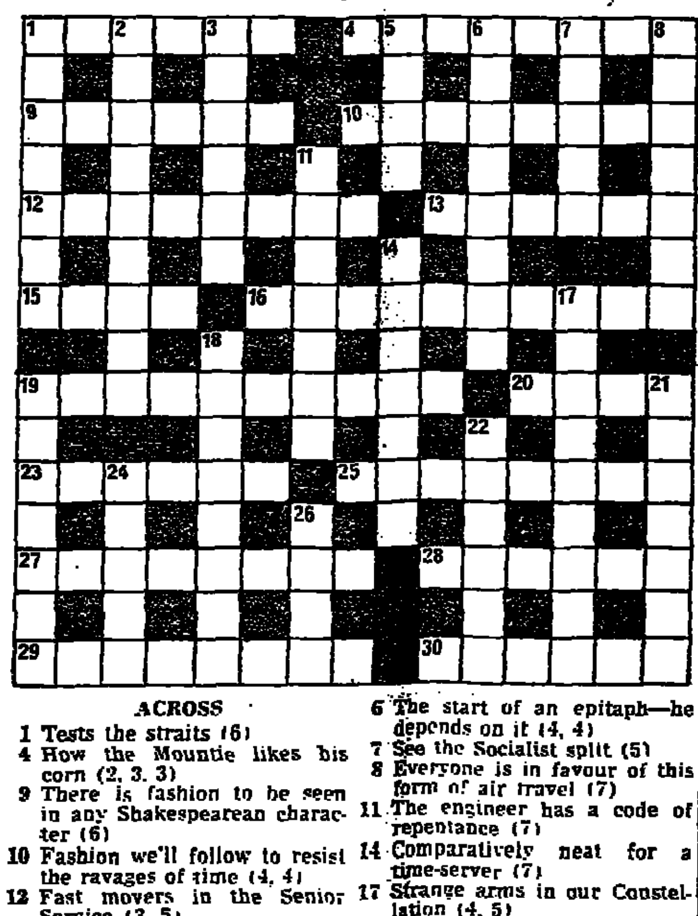
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Smith's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,823



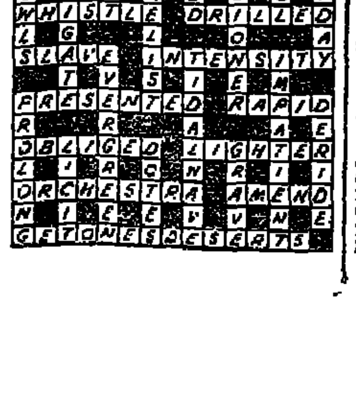
ACROSS

1 Tests the straits (6)
4 How the Mountie likes his corn (2, 3, 3)
9 There is fashion to be seen in any Shakespearean character (6)
10 Fashion we'll follow to resist the ravages of time (4, 4)
12 Fast movers in the Senior Service (3, 5)
13 Spinner reluctant to be seen in company (6)
15 Sincere football team lacking Spanish capital (4)
16 Result of bad investment loses point (4, 6)
19 Nevertheless there is complete uniformity (3, 3, 4)
20 "To what base — we may return, Horatio" (Hamlet) (4)
23 Current admission of paternity in broken English (6)
25 Point of the Yeomen (8)
27 Debunked as bombs are (8)
28 Oddly aligns the communication (6)
29 Concerning a relative member of the underground (8)
30 Here's mystery about in the party (6)

DOWN

1 Stagger the southern milliner (7)
2 Elevated position of the distracted (2, 3, 4)
3 There's many a fireplace in the dell (6)
5 Wherein we find a true friend (4)
6 The start of an epitaph—he depends on it (4, 4)
7 See the Socialist split (5)
8 Everyone is in favour of this form of air travel (7)
11 The engineer has a code of repentance (7)
14 Comparatively neat for a time-server (7)
17 Strange arms in our Constellation (4, 5)
18 Talks about South American city conveyances (8)
19 A friend goes to the City, but receives no payment (7)
21 This garment suits one to a T (7)
22 Less good than to travel hopefully (6)
24 Samuel takes a sly look, we hear (5)
26 Simply get half of them before (4)

SOLUTION TO PUZZLE No. 3,822



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

FINANCIAL TIMES SURVEY

Wednesday November 15 1978

Advertising and Marketing

Although British companies have often been accused of a lack of drive in marketing expertise, UK advertising expenditure this year is heading for an all-time record of £1.8bn. Meanwhile, the media in general — and most advertising agencies — are prospering.

Expenditure heading for an all-time record

By Michael Thompson-Noel, Marketing Editor

"MARKETING IS the skill of providing the right product for delivery at the right time and in the right place at the right price and with the right back-up services—for a profit." For that definition of the role of marketing we are indebted to the background document handed out to delegates at last week's conference of the CBI. Were companies offering adequate prestige and rewards to their sales and marketing staff, the document wondered, in relation to Britain's main rivals abroad?

Were firms adequately equipped with language skills? If so did they make proper use of them? Was British business placing sufficient emphasis on design, styling, packaging, reliability, after-sales service, market research and the individual needs of customers in each market? Was enough attention given to prompt delivery?

Competitors

The universal consensus is that the answer to each of these questions is No, though no one has yet provided a convincing explanation as to how the role of marketing within British companies can be enhanced to the point where the country's technological skills and resources can be said to be represented in world markets with the aggression and determination displayed by our main competitors.

As Ronald Halstead of Beecham Products told Roy Hattersley, the Prices Minister, at an Advertising Association presentation [illegible] months ago: "Hard selling, advertising and profit have [illegible] been highly regarded in [illegible] country, particularly by p[illegible] in academic, [illegible] government positions. Th[illegible] in striking contrast to [illegible]des in the major countri[es wi]th whom we compete — Germany, the U.S. and Japan. [illegible]le in those countries hav[e not] only good products, but a[re] extremely skilful at marketing their products whe[n] they are sold."

For good m[illegible]e, this was a theme repea[ted at] last week's CBI conference [in] Brighton by Sir Peter Park[er, c]hairman of the British Rail[ways] Board, who told the CBI ga[theri]ng that as a nation of shop[keep]ers we had to change di[rectio]n. "The message is that [we] have still to shake off our [imp]erial-sized hangover of past [ach]ievement; we must make [our]selves a nation of market[eers]. To win markets we must [hav]e a fully competitive indu[stria]l base. Nothing should dis[tract u]s from that desperate nece[ssity]."

Non-price competit[ivene]ss was becoming increasing[ly] import-ant in world markets [pa]rticularly in the sop[hist]icated product areas in which [Bri]tain should be competing.

Sir Peter was echoed b[y Pe]ter Blood of the Institute of M[ark]eting who said that an examination of a number of UK companies had revealed [a]n almost total absence of [co]rporate or market planning. Indeed, in some companies there was an alarming confusion between the roles of marketing and selling.

The conference called for business to improve its non-price competitiveness, its marketing practices and its customer/supplier relationships —just as the Advertising Association conference last spring had addressed itself to the theme that advertising equalled profit equalled prosperity.

The AA conference was followed by a statement on the role marketing should play signed by Sir Adrian Cadbury, chairman of Cadbury Schweppes, Ronald Halstead and John Greenborough, deputy chairman of Shell UK and president of the CBI.

"An additional 1 per cent of world exports of manufactured goods would not only earn this country an additional £3bn a year but also create 400,000 new jobs," the statement said.

"In particular" it contrasted differences between attitudes here and in Japan. "In Japan, advertising has recently been described as enjoying unprecedented prestige and influence: in Britain it is treated with disinterest and sometimes with distaste.

"Japanese products flooding into the UK are not always better made: nor are they any longer always cheaper. But they have nearly always been designed under the direct influence of potential users' needs and wishes, including the needs of post-sale service. And they always come to the market accompanied by heavy and sustained advertising campaigns to tell purchasers about their advantages and benefits."

Words, of course, are never a substitute for action. The point in repeating these lofty sentiments from the CBI and Advertising Association are that they neatly encapsulate what is still thought to be wrong with marketing in Britain, though it is going to require determined action on someone's part to cut away the dead wood and give marketing the status its supporters claim it deserves.

How can that be done? According to the AA, the Government has got to adopt a "positive and non-restrictive stance towards the whole process of marketing, and to advertising in particular." Ironically, in recent weeks the Prices Minister, Mr. Hattersley, has shocked the advertising world by saying the Government was considering legislation against advertisers who failed to observe the industry's voluntary code of practice: he has also said that the time might have come to consider action to force advertisers who deceive the public to publish corrective advertisements. Mr. Hattersley is also much exercised about how advertising approaches its social role, particularly when it comes to advertising to children and to the poor, though on this front he has no firm proposals for legislative or even voluntary action.

What else could be done? According to the Advertising Association, Government agencies, planning boards and working parties should be strengthened with an infusion of marketing expertise, in addition to that of finance, production and labour. Third, the UK has got to monitor more closely the goings-on in Brussels, so that EEC legislation does not mean that further harmonisation unnecessarily restricts Britain's ability to compete in world markets.

Fourth, says the AA, it is necessary to create a revitalised fiscal framework in which marketing risk can be encouraged by the prospect of effective rewards. Finally, the Government itself should give a lead in building positive attitudes which have hitherto (too often decried selling techniques like advertising as being wasteful or somehow improper.

In this connection, Winston Fletcher, managing director of the advertising agency Fletcher, Shelton, Delaney, offers a very useful suggestion. Referring to the publicity campaign with which the Advertising Standards Authority invited the public to complain about advertising it didn't like, Mr. Fletcher says: "It seems extraordinary that the only time the advertising industry has united to fund a major communications campaign the objective of that campaign was to persuade the public to complain about advertising.

"Let's stop dribbling money away encouraging the average British adult to moan to the ASA once every 24,000 years—that's what a strike rate of 1,845 complaints per year equates to. Let us instead spend the money communicating the real benefits of advertising to consumers and thence to commerce and industry".

Despite the problems with which UK marketing is buffeted, there are clear-cut signs that the marketing divisions of manufacturing companies throughout Britain are adopting a more expansive approach than they have been able to in recent years.

According to Peter Kraushar, an expert in new product development: "Surveys among consumer goods companies show clearly that development activity is increasing. More launches are being planned than in the past few years. There is more interest in acquisitions, and joint ventures of all kinds are being pursued.

"Companies have at last become much more aware of the need for really senior executives in the development role. There is no substitute for a motivating force at the top. Case histories of successful companies repeatedly show that the main difference between them and the less successful is not that they have better ideas or use better techniques but that top management—often the chief executive himself—is sufficiently involved to preclude any problem about lack of a decision to go ahead on the right projects or lack of commitment throughout the company.

Painstaking

"The other main difference between successful and unsuccessful companies seems to be in the former's much more painstaking approach to implementation of new product ideas. Many companies continue to make a complete hash of the best of ideas, whereas a poor idea in the hands of a very efficient company can be turned to real success. The gap between the two seems to be widening."

At the same time, the current level of UK advertising expenditure—advertising often accounts for around 50 per cent of a marketing budget, sometimes a good deal more—is edging its way towards an all-time high. Total expenditure this year is likely to reach £1.8bn in current terms. This is well above the long-term trend line, and a similar improvement in 1979 would unquestionably push the ad spend to an all-time record. All media are prospering, and so are most agencies.

ADVERTISING AND MARKETING II

National press in turmoil

IF SOMEONE had forecast 18 months ago that the Express group would be launching a new national daily, but that the Sunday Times was about to close, the thought would have been dismissed as absurd. But the former has happened and the latter is threatened.

Express Newspapers' new Daily Star was launched on November 2 in the Midlands and North after the remarkably short planning period of 12 weeks. Accompanied by a massive advertising campaign, it is printing a millon copies a day in Manchester, and selling them. The thinking behind the paper is based on production considerations and market analysis.

Among the former is the fact that Express Newspapers has spare capacity in the shape of men and machines because of the contraction in circulation of the Daily Express, which even at its peak was over-manned. In addition, the Manchester printing workers have shown themselves to be co-operative and keen to obtain work.

Analysis of the market produced both national and regional arguments. If the Sun and Daily Mirror are regarded as constituting a product group — the down-market popular dailies — the two together sell nearly 8m copies a day. No other product group, it was argued, shares anything like this volume of sales among so few brands. The inference was that there should be room for a third brand.

It is also the case that on an average day nearly a third of the adult population of Britain does not read a national morning paper; the proportion rises to just over that in the North-East. The third strand of the market analysis is the fact that as the Sun prints only in London its editions in the North will be lacking late news.

Whatever the reasoning it is a fact that whereas the Sun is now stronger than the Daily Mirror in the south, the Mirror retains its traditional dominance of the north. The Express Newspapers' argument is that the Daily Star, with the advantage of Manchester printing, will provide more up-to-date news coverage than the Sun while providing a Sun-substitute to frustrated Daily Mirror readers, thus taking readers from both while at the same time expanding the market among people who currently read no national daily.

Strategy

This marketing strategy is being supported by what is probably the largest marketing campaign ever run by a newspaper. For a period of three weeks one TV commercial an hour is being broadcast every day during transmitting times on Midland, Granada and Trident. This is said to correspond to spending £2m nationally, roughly equal to an £800,000 campaign.

Next year the distribution and promotion will be extended to Scotland, and to the south of England later.

Media directors of advertising agencies, though sceptical about the Star's prospects, are nevertheless delighted to have a new national daily. The advertisement rate is £12.50 per column centimetre, or £13 equivalent for large spaces. Assuming sales of 1.25m and a readership of 4m, this gives the Star a cost per thousand of 0.31p, which would make it slightly dearer than the Sun and slightly cheaper than the Daily Mirror.

But this a bold assumption. The Sun — the great newspaper success story of the decade — never put on sales at a rate approaching 1.25m a year even in its period of most rapid expansion; and the Sun had less competition in the early 70s than the Star has now. Indeed the Sun and Mirror are not standing idly by, but are promoting heavily themselves, and News International is making noises about printing the Sun in Scotland in the near future.

The crunch period will come when the three weeks of giant promotion are over. As the Scottish Daily News discovered, initial rapturous support can dwindle alarmingly. The Star is being launched at 6p, 1p cheaper than the Sun or Mirror, but it is doubtful whether Express Newspapers will be able to hold the price down for very long. The group will also have to re-negotiate its union agreements after six weeks.

Newspaper content is obviously going to be a crucial factor. Early issues of a new paper seldom look good and the Star was no exception; but some improvement is already visible. The serious content of the Star is absolutely minimal — significantly less than that of the Sun or Mirror—but perhaps that is what the analysts think the market wants.

Time will also tell whether Times Newspapers will suspend publication of The Times, Sunday Times and the three supplements (Literary, Educational and Higher Educational) on December 1, and if so for how long.

The Times currently sells 293,000 coppies a day (ABC April-September 1978). An undisclosed quantity, probably about 20,000, go abroad; and it is likely that most of those sales will be lost rather than transferred to another British paper.

A further unknown number of copies—50,000 at a guess—go to companies, Government departments, educational establishments, libraries and clubs; since these organisations already take other papers, most of these sales will also be lost to the newspaper industry.

Special analysis of the National Readership Survey (July 1977-June 1978) shows that 755,000 ABC1 adults in Britain claim to read The Times regularly (four or more issues a week). Nearly half of these also read one or more of the other quality dailies, and it is likely that most of these people will not buy another paper if they cannot get The Times.

This leaves 387,000 ABC1 Times regular readers who do not read another quality daily. As The Times generates approximately three regular ABC1 readers per copy, this 387,000 relates to about 130,000 copies, and this looks like being the number of copies of quality dailies that the trade will be short of if publication of The Times is suspended and if distribution of the Daily Telegraph, Guardian and Financial Times is not increased.

There are strong feelings of solidarity among most of the quality daily and Sunday publishers—feelings which render them reluctant to take advantage of the misfortunes of their fellow publishers. But this is not a universal view. Even if the remaining quality newspaper publishers decide to increase their print orders on account of The Times' suspension, it is by no means certain that the print union chapels will permit them to do so.

The argument in favour of restraint is that "it may be our turn next time." But there are also arguments the other way, of which the strongest is: "If we do not distribute extra copies, then all our normal distribution to news-stands will be snapped up in double-quick time and some of our regular readers will be unable to obtain copies, in which case we will be letting them down."

If one assumes that extra copies of the Daily Telegraph, Financial Times and Guardian are made available, the likelihood is that the 130,000 extra sale resulting from the suspension of The Times would be shared approximately equally between them.

Similar arguments and analyses can be set up in relation to the threatened suspension of the Sunday Times. Special analysis of the NRS shows there are 2.9m ABC1 regular Sunday Times readers. Thirty per cent of these also read either the Sunday Telegraph or Observer or both, leaving about 2m reading only the Sunday Times. As the Sunday Times generates about two ABC1 regular readers per copy, this solus readership corresponds to about 1m copies. This potential demand could split in approximately equal proportions between the Observer and Sunday Telegraph if the copies are on the news-stands to be bought.

The prospect for the advertising industry of a prolonged suspension of The Times and Sunday Times is alarming. Even as things stand there is a shortage of media at present, particularly in colour media. The colour supplements have for some months been unable to accept advertising for the pre-Christmas period; run-of-paper colour in these national newspapers that carry it is heavily booked into next year, the main magazines are full and television is heavily booked.

If The Times and Sunday Times are suspended most of the seasonal pre-Christmas advertising that they would have carried will just disappear. There will be few other suitable publications capable of carrying more than a small fraction of it. Advertisers will leave their money unspent. Those who are already in the other quality nationals or colour magazines may receive a bonus thanks to higher sales of those newspapers. But this will be of little satisfaction to advertising agencies, which will lose commission and derive no benefit from this putative bonus.

The longer term presents the industry with a more difficult dilemma. Advertisers tend to to be very loyal to media that are in difficulties. Most of the traditional Times and Sunday Times advertisers will keep their options open and where possible will hold over advertising until the papers are published again.

Michael Ryan

Boost for magazines

MAGAZINES HAVE never had it so good. Total advertising revenue this year for all titles is expected to be at least 20 per cent up on last year's figure of £249m (of which £116m went to consumer magazines and £133m to trade and technical). And that is without counting the £30m which will have been put in 1978 into the magazine supplements of the Sunday newspapers.

Demand, especially for colour pages, has been outstripping supply. For many titles the benefits have been felt not only in revenue but in circulation and editorial opportunities. Quite simply when you have more ads you run more pages, including more editorial pages, and the attractiveness to readers is all the greater. Nor should it be forgotten that with some papers, especially fashion magazines, the profusion of advertising is itself an attraction.

No wonder that Don Beckett, of the Media Business, writing in the Financial Times last month about the colour supplements boom, should have speculated that there might be an opportunity for "an enterprising publisher who is prepared to risk a few millions in the belief that readers are at long last ready again to buy today's equivalent of Picture Post, Paris Match or Life."

Certainly Basil Spice, who runs the press side of J. Walter Thompson's media department, believes that if Picture Post still existed it would in today's conditions be doing good business. And various projects are floating around for launching magazines which, if they would not quite be Picture Post, would hope to occupy part of the media gap which observers like Beckett and Spice discern.

The mood recalls to some extent that of 1973, the boom year which ended with the oil price rise and the advent of recession. At one point in 1973 it was expected that 17 new consumer magazines would be launched by the following spring.

As things turned out only four of those 17 projects ever saw the light of day, and three of the four—TV Life, Inside London and Inhabit—flopped. The fourth, My Story, survives.

The speed with which the abundance of advertising money disappeared at that time has not been forgotten by most publishers, even though that was not the only reason for the flops. The memory is likely to make them cautious about launching new titles in 1979. Predictions for next year are that magazines will continue to do well but that ad revenue growth, at possibly 10 per cent, will be nothing like that of 1978.

This year's biggest and most successful magazine launch, that of the women's monthly Company, was certainly timed with such predictions in mind. The guiding spirit behind the launch was Michael Bird, marketing director of the National Magazine Company, who argued fiercely against suggestions that the new magazine should not appear until 1979.

The arguments took place at the end of last year, and Bird, basing himself on long-term forecasts of ad expenditure, said 1979 might be too late. If Company came out in autumn this year, however, it might well ride to profit on a wave of advertising money like that on which its sister Cosmopolitan was launched in 1972.

In one way Company has done even better than Bird and his colleagues hoped. The print order was originally set at 300,000, but by the time the first, October, issue was published demand from the trade had pushed the figure up to 440,000, almost all of which were duly sold. Such success carried its own penalty, since advertising rates had been pegged to the 300,000 figure.

Company is interesting, however, for more than the fact that it chose the right birthday. It is the product of a piece of intelligent marketing analysis by Bird, who constructed a "map" of women's magazines located according to two co-ordinates, the percentage of their readers aged under 35 and the percentage in classes ABC1.

This is the kind of exercise carried out commonly enough for branded products but rarely in the case of publications. Bird's analysis pinpointed the fact that all successful women's magazine launches since 1960 have been in the younger, richer sector of his map, the most outstanding example being Cosmo itself. Among the reasons is the emergence of an increasing number of independent young women, earning their own living and, if married, postponing motherhood. They are much sought after by advertisers.

Another relevant point is that childless young women tend to be heavy magazine readers. A woman in her early 20s without children will on average buy two or three times more magazines than a woman of the same age and social background who has become a mother. The magazine market, in fact, resembles many other markets in that a high proportion of purchases are made by a minority of heavy users.

To Bird the most obvious gap in the market was the time gap between successive monthly issues of Cosmopolitan. As he says, "Thirty days is a long time in a young girl's life." Company is designed to plug that gap and, though it is perhaps a shade younger and less sophisticated in tone than Cosmopolitan, is expected to be bought by at least 50 per cent of Cosmopolitan readers. Which is why its launch has not hurt the older magazine, which now sells about 450,000 copies a month.

Meanwhile, some way away on the women's magazine map, in an older, less affluent sector, IPC's long-established weeklies are also doing well out of the boom. They have reversed their previous circulation decline, an achievement for which observers give some credit to more efficient sales methods introduced since Patrick Barnes became circulation director.

Barnes, previously ad director of the women's magazine group, moved to his present job, with responsibility for all titles, about two and a half years ago. As well as building up a sales team he brought in computer facilities enabling his department to monitor the performance of 350 wholesalers area by area and to set realistic targets. Basic, commonsensical stuff, but apparently the mighty IPC had never got around to doing it before.

Impressive

The results have been impressive, although other factors, including the advertising boom, have played their part. The UK circulation of Woman's Own, for example, has risen over the period from 1,424,000 (July-December 1975) to 1,548,000 (January-June 1978). Woman has gone up from 1,407,000 to 1,548,000, Woman's Weekly from 1,393,000 to 1,499,000. Woman's Realm, the problem member of the foursome, is now back, with a new editor, to 779,000 after slipping last year to 747,000.

IPC monthlies have also done well. The restyled, upmarket Woman's Journal has increased circulation over the same two-and-a-half-year period by a spectacular 59 per cent to 173,000. The young women's magazine Honey has shot up by 47 per cent to 183,000, and large percentage gains have also been registered by 19, Ideal Home, Homes and Gardens, Woman and Home and even Country Life (up by 27 per cent to 41,600).

As for new titles, IPC has its own successful launch to crow about in the shape of My Guy, a downmarket teenage weekly, strong on photostrip features. Introduced in March, it now has a circulation of 300,000, though it is light on advertising.

If advertisers have a wealth of women's magazines to choose from ranging from Honey to Harpers and Queen and from Jackie to My Weekly, they are hard put to it to find a way of communicating selectively with young men other than through girlie magazines like Mayfair or special-interest papers like Autocar or Motor Cycle News. This presents a problem for media buyers and, some may think, an opportunity for publishers.

Good year, bad year, there will always be both failures and successes in the magazine business. But one problem looming up in front of us may change the calculations publishers make about next year.

That is the threat of Times Newspapers to suspend its titles. Since the Sunday Times Magazine holds more than half of the lucrative Sunday supplement advertising market, its disappearance, even temporarily, would create a vacuum. Various other magazines, existing or yet to be created, would no doubt rush to try to fill it.

Philip Kleinman

Th[illegible] retailing p[illegible]ice war

DESPITE THE current consumer boom—sparked off by the rise in earnings over the past year at a rate about double the increase in inflation—Britain's retailers are still far from confident. Having gone through one of the worst economic recessions for decades, retailers will take some convincing that the current upsurge in sales is little more than a temporary flash in the pan.

Certainly, the Government measures last week to tighten the money supply has reinforced some retailers' fears that the fierce competition in the High Street for sales in a static market will remain.

There seems little sign, so far, that the bitter strife among the major supermarket chains for a greater share of the food market is beginning to threaten. Since Tesco dropped trading stamps in June, 1977, and sparked off the war, it—and its close rivals J. Sainsbury—have managed to boost market share at the expense of the smaller and less aggressive multiples and independents.

Most retailing analysts agree that the current spending boom is unlikely to continue at its present strength. The Henley Centre, a major business research body, "regrets to say that we anticipate a slackening of the boom by early next year."

It adds: "We cannot see any let-up of the competitive pressure between retailers—especially those in the food trade—until the end of the decade."

And stockbrokers, Phillips and Drew say that for 1978 as a whole sales volume is expected to show an increase of about [illegible] per cent.

"The momentum of this growth should carry through into the first half of 1979, though by the seasonally important final quarter, there may be little scope for more than a marginal increase in volume, as the growth in real incomes slows. Thus, on a year-on-year basis, the growth in sales volume is expected to peak this autumn."

The retail sector's problems in recent years were highlighted by the Retail Consortium, which represents over 90 per cent of Britain's retailers, in a recent memorandum to the Chancellor of the Exchequer. In the memorandum, the consortium emphasised three main trends affecting the retail trade.

Firstly, it argued that increasing [illegible] prices puts "such pre[illegible] on consumer spending [illegible] that 1977 was the worst [illegible] for the retail trade in th[illegible] decade."

Secondly [illegible]es volume in 1977 showe[illegible] decline of about 3 per cent [illegible] 1976. And, thirdly, "int[illegible] competition for a constraine[illegible] el of disposable income had [illegible]ere impact on retailers' m[illegible]s and this in turn has imp[illegible]ions for investment plans."

Overall, c[illegible] was being expressed a[illegible] the viability and profitab[illegible] of the UK retailing ind[illegible].

A further [illegible]sis of the factors behind [illegible] current competitive positi[illegible] in the High Street was [illegible] made recently by two resear[illegible]s, David Cook and Peter [illegible], from the University of [illegible]ford management centre. [illegible] argue that if any industry [illegible] company is to survive, it [illegible] adapt to a changing envi[illegible]ent.

"The perio[illegible] from the end of the Second [illegible]d War to the early 1970s w[illegible] one of steady growth in consu[illegible] incomes and low rates of [illegible]flation, and unemployment. [illegible]s a result retailers were [illegible]ted an era of optimism."

But in the 19[illegible] the problems were different. [illegible] suggest six main factors w[illegible] have had a major impact o[illegible] retailing.

These are:

- Economic stag[illegible]n: in 1978 UK real consu[illegible] spending was below the [illegible] level and unemployment ha[illegible] doubled.
- Inflation: re[illegible] inflation rates has adver[illegible] affected retailers' margins [illegible] cash flow.
- Political [illegible]rability: Politicians have reg[illegible] looked to adjustments in [illegible] arrangements and VAT to in[illegible]ce the level of demand for [illegible]icular products. In addition [illegible]overnment intervention in [illegible] 1970s was deliberately aimed [illegible] controlling prices and [illegible]ofit margins.
- Market share: as a re[illegible] of the stagnant market, g[illegible]th orientated retailers had [illegible]en forced to fight for their ma[illegible]et share. Consequently, price [illegible]petition has been intensified [illegible] a number of marginal high-cost stores have been forced out of business.
- Scrambled merchandising: a number of retailers have attempted to increase their sales volume by using scrambled merchandising, often by stocking traditionally high margin lines.
- Innovations: existing retailers have had to face intensified competition because of institutional change. Such innovation includes attempts by existing stores to adapt their merchandise to include new fashions, styles and products. In addition, the establishment of dramatically new forms of retailing such as hypermarkets and catalogue showrooms has also added to the changing scene.

The impact of these factors, according to the researchers, has been the production of stagnant if not declining sales; pressure on profit margins and cash flow; and decreased profitability and growth with a number of long-established (but higher cost) organisations going out of business.

The sector of the High Street that has been most affected by these changes—and has reacted most strongly to overcome them—is food retailing. Food sales has, for a long time, been relatively static: when consumers discretionary income increases, this is spent on consumer durables rather than more food.

Result

But at the same time as static volume, food prices have soared in the 70s as a result of commodity and other cost inflation. The inevitable result was keen consumer sensitivity to prices—a factor which Tesco has exploited by dropping trading stamps and using the money instead (about 2½ per cent of turnover) on price cuts.

Tesco's competitors were quickly forced to follow suit.

Virtually no contender in the price war has survived without some bruises to nurse. While Tesco's market share has risen by an unprecedented 50 per cent, its profits earlier this year were marginally down despite a 43 per cent increase in turnover.

Later this month, its half-yearly results will show if it has made any headway in turning market share and sales volume into profit. Sainsbury's interim results, published recently showed that it has managed to achieve this. Sales were up by over 28 per cent and, more importantly, profits were up about a quarter.

According to many analysts, there appears no possibility that the pressure on growth profit margins in mainstream grocery retailing will be eased by any general relaxation on pricing in the foreseeable future.

The rapid expansion of limited range discount chains, such Kwik Save, Shoppers' Paradise, and Pricerite, and the increasing trend towards superstores, merely reinforces the opinion that, for a large section of the grocery train, the move to lower margins is irreversible.

And stockbrokers W. S. Greenwell and Co. suggest that "sales growth by retail grocers should continue around the 10 per cent mark as a small recovery in volume counteracts *lower price inflation.* Multiples are expected to extend recent gains in market share, reflecting the growth of their non-food business and rationalisation of the independent grocery trade."

Apart from food retailing, recent financial results of other retailers have suggested an increase in competitive pressures in some areas, despite the upturn in demand. Most noticeably, Boots has suffered from price-cutting in toiletries and cosmetics, and Woolworths has seen margins eroded on the non-food side as well as on the food lines. Elsewhere the mail order sector is becoming more price competitive.

By contrast, the clothing and department store sectors should enjoy some recovery in gross margins, reflecting both a reduction in last year's exceptionally heavy markdowns and some benefit from trading up.

Philips and Drew say that, looking ahead to next year, competitive pressure could well tighten as the growth in demand slows and our forecasts assume a slight fall in gross margins.

And, summing up, the Henley Centre sees a significant but gradual return to more "normal" times over the next year. It argues that the "spending boom after almost three years of unprecedented cutback will slacken as living standards are restored."

And the Centre argues that social changes will persist, such as more women at work, wanting to shop at different times, and with more disposable income families will be trading up in their purchases.

David Churchill

The regional press

[illegible]HE REGIONAL PRESS has so [illegible]r enjoyed a good year for [illegible]lvertising with healthy in[illegible]eases in both display and [illegible]assified revenues. The com[illegible]etition once feared from TV [illegible]d local radio does not appear [illegible] be injuring local papers [illegible]arkedly, and all the signs are [illegible]at the media will continue to [illegible]e together without major [illegible]fficulties.

Regional newspapers have to [illegible]ce the fact, however, that the [illegible]normous boom in advertising [illegible]ich occurred in the late 1960s [illegible]d early 1970 as a result of [illegible]e revival of consumer spend[illegible]g is not likely to recur.

This is not merely because [illegible] the present constraints on [illegible]e economy and the relatively [illegible]w level of manufacturing [illegible]tivity. It is because the [illegible]erage household income is [illegible]w high enough to afford as [illegible] matter of routine a range of [illegible]oducts, particularly food [illegible]ems, which were quite new [illegible] the 1960s.

An improvement in the [illegible]onomy as a whole is there[illegible]re unlikely to result in an [illegible]surge of demand for these [illegible]od products and many other [illegible]usehold items, although [illegible]mestic appliences, cars and [illegible]her "hardware" would doubt[illegible]s be affected.

The advertising prospects of [illegible]e regional Press have also [illegible]en adversely affected by the [illegible]cision of a number of very large advertisers like banks and building societies to concentrate their efforts on TV campaigns at the expense of the Press, and particularly the regional Press. The current year has also seen a decline in advertising by the major tobacco companies.

In spite of these trends, however, advertising in regional papers has increased in both revenue and volume terms.

Thomson Regional Newspapers estimates that in the first eight months of the year classified revenues have increased by about 20 per cent over last year's figure while display is up by about 15 per cent.

Part of this improvement is of course, accounted for by rate increases agreed with the Price Commission on the basis of the industry's continually rising costs. It is clear, however, that the increases imply a rise in volume of at least 5 per cent.

In the regional Press as a whole the ratio between classified and display advertising remains at about 60 per cent/40 per cent in favour of classified. This makes the paper vulnerable to fluctuations in the general or local economic climates, because classified advertising is always the first to reflect fluctuations in business activity.

This is partly because classified advertising in the regional press itself depends heavily on jobs advertising, which accounts for perhaps 60 per cent of the total.

During the boom of 1973, when many companies were looking for new employees and labour was a seller's market, classified advertising bounded ahead as employers competed against each other for available workers. Then in the recession which followed the oil crisis and the tightening of credit, new job opportunities fell dramatically and classified revenues followed suit.

Regional newspapers have tried to learn from this lesson, by broadening the base of their classified revenues to avoid being too dependent on only one category. As a result they have made efforts to increase the amount of general marketing type of advertising in the classified columns.

On the display side, local television is always a competitor, particularly for the larger local accounts like big department stores. On the other hand local radio does not appear to have made much of a dent in the prosperity of the regional papers.

Indeed, Mr. Steve Brown, marketing manager for Thomson Regional Newspapers, says local radio has given advertising benefits to the local Press. He comments: "Some people have tried to advertise for the first time in local radio. Then quite often they turn to Press advertising afterwards."

Next year Mr. Brown believes prospects will be relatively rosy, though from the established regional newspapers' point of view, there are a number of clouds on the horizon. One is the possibility that national newspapers may start regional editions capable of exploiting the potential of local advertising.

In the longer term, regional newspapers are potentially vulnerable to competition from electronic systems, notably Prestel, the Post Office's system for linking domestic television sets to a central computer. This system, which started market trials this year, could become a very powerful advertising medium, for both local classified and national marketing.

The basis of the system is that a modified television set can be connected by ordinary telephone to a network of computers throughout the country. These computers will store a variety of information like news bulletins, timetables and financial information which a subscriber could call up on to his screen as he wishes. The computers can, and will, also store advertising material.

It is therefore possible that consumers will be able to choose a new house, job or second-hand car in very much the same way as airline booking clerks select flights from a television screen linked to a central computer.

One potential advantage of electronic systems over their newsprint rivals is that they can be "inter-active." That means that a consumer could make a purchase from his own living room by punching a credit card number into a keypad linked to the TV set and hence to the central computer. Advertisers would thus be able to obtain immediate feedback as well as making instant sales.

The effect that these systems will have on regional Press advertising is still very uncertain, not least because nobody can be sure how fast Prestel will penetrate into the homes of enough consumers to make it attractive to advertisers.

Its impact may not be felt as quickly as some of the technological pundits have suggested, but it is certainly a development on which all regional papers are keeping a wary eye.

The regional press is also facing increasing competition for advertising revenues from freesheets. These grew out of the advertising boom of 1973, when there was plenty for everybody.

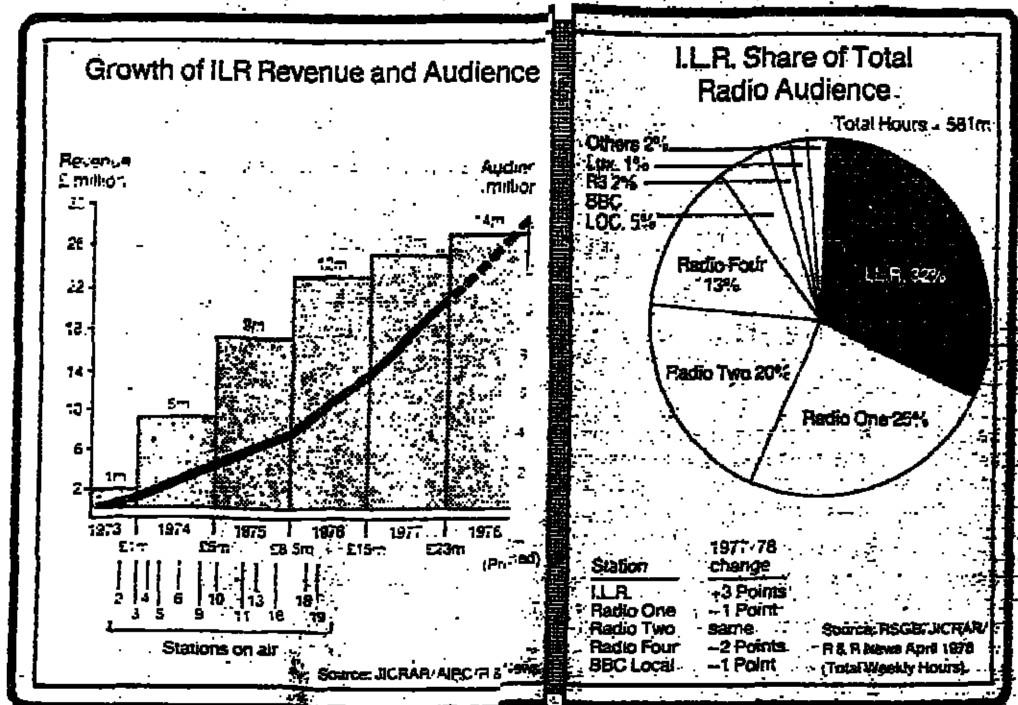
Since then their fortunes have been mixed and several have collapsed. The Advertising Association, however, estimated in 1975 that the total revenue of weekly freesheets was £18m. or 20 per cent of that of weekly newspapers. The Royal Commission on the Press estimated that the combined circulation of freesheets was half of weekly newspapers. In general, however, freesheets are not seen as a major threat to regional newspapers, and Thomson Regional Newspapers told the Commission that they generally helped to stimulate the use of classified advertising.

For the next few years at least the regional Press appears set to enjoy greater prosperity. It has the advantage over its national rivals of close indentification with its regional market, while for the present, at least, it appears to have avoided the severe production problems that have beset Fleet Street.

Max Wilkinson

ADVERTISING AND MARKETING IV

Radio in profit



"COMMERCIAL RADIO comes of age": the headline would stand runner-up chances in any competition to determine the most-used headline of 1978. The independent local radios' managements, who have got used over the past five years to brazen out hard times, now are making the most of success.

All of the 19 ILRs are now showing profits (some of them very modest, to be sure) or are moving into profit this year. Some, led by Radio Clyde, the only one to get off to a running start, are moving into the "super profit" area, defined in their case by receiving the dubious privilege of paying a "secondary rental" to the IBA.

This is charged when, after absorbing start-up costs and any operating shortfall, the stations' profits before interest charges and corporation taxes exceed 5 per cent of net advertising receipts. Four stations—Clyde, Capital, Piccadilly (Manchester) and BRMB (Birmingham)—have now passed this post.

Gross revenue of the 19 companies over the first six months of this year was £13.1m, a 27 per cent increase over the same period in 1977, which was itself 65 per cent up on the first six months of 1976. The rate of increase is slowing as the stations come nearer to selling all of their advertising airtime.

Further, they are now receiving the blessing of officialdom in their work. The White Paper on Broadcasting, published in July, noted that there was "*evident demand for local radio*," and went on to remark that "independent local radio has a very considerable following, substantially greater than that of BBC local radio, and in some cases, comparable to that of the BBC's most popular radio services, Radio 1."

No wonder, then, that the ILR bosses are glowing. "We could scarcely have hoped for a more positive endorsement of our endeavours," enthused Sir Richard Attenborough, chairman of Capital. "In the industry many believe that by 1988 there could be as many as 120 ILR stations — twice the number originally envisaged."

ILRs currently account for around 2 per cent of national expenditure on advertising — though the proportion is rising. This year, total revenues are expected to rise to around the £30m mark, compared with £23.1m in 1977 and £14.7m in 1976. Not wholly inconsiderable—but not large, either.

It is here where there is the cloud on the horizon—the feeling that commercial radio has not yet quite made it as a medium, and that it may suffer from a lower estimation of itself when compared with the expenditure on the Press, or on TV—especially the latter—than it should. Many media directors talk of radio in terms which suggest that it is on the verge of breaking through to becoming as accepted a part of a campaign as radio is in the U.S.—but that it has not quite got there yet.

In part, this may be because it still displays teething problems. The Government's decision last month to approve 18 more local stations, of which nine would be ILRs, will result, no doubt, in more sagas of under-capitalised, initially inefficient and amateurish stations wobbling on to the airwaves, shaming the more established stations which now want the image to be smooth.

Coverage

Besides, even the established stations still show severe growing pains. A prolonged strike at LBC, London's news and chat station, shut down normal programmes for two weeks, and was punctuated by a call from the staff for an investigation of what it considered was an incompetent management. Independent Radio News, the ILRs' news network, has still not established itself as a real competitor to BBC radio news in most areas (though its parliamentary coverage is often brighter)—largely because it cannot match the BBC's national coverage and thus lacks prestige.

Coverage is still a sticky point for the agencies. The industry reckons that the nine new stations will give ILR a 75 per cent coverage of the nation, but some agencies put it much lower—at around 40 per cent weekly reach. In either case, the coverage for any radio campaign leaves significant gaps. Even when all 60 of the planned stations come on to the air (if!), coverage is reckoned to be only 84 per cent.

The ILRs function in an environment free of competition for their basic commodity—advertising. Each one—with the partial exception of LBC and Capital, is a local commercial monopoly. In a recent article in the J. Walter Thomson house magazine "Options," Mr. Ron de Pear, a JWT media supervisor, gave their monopoly status—coupled with the injunction placed upon them by the IBA to fulfil a variety of functions (news, community service)—as a major reason for their comparative lethargy in improving their own product.

According to de Pear, U.S., Canadian and Australian stations, operating in fierce competition, offer the advertiser a better packaged audience. "Stations tend to segment and profile their programming towards specific target audiences or fulfil particular listeners' requirements e.g., rock stations, news, sport, middle-of-the-road music, talks, shows, etc."

de Pear also criticises the industry for publishing once-yearly research into listening habits. "If this research were to show shifts in listening trends and a station were to alter its programming, it could possibly be another year before that station (and its supporting advertisers) realised whether it had achieved the required results."

So what are its strengths? As the industry sees them — and as agencies, to some extent, agree — they are: the opportunities to advertise regionally; flexibility in time (a commercial can be dropped in virtually overnight) and in tailoring the spots to the customers' requirements; and the "involvement" which radio offers (the characteristic which made Marshall McLuhan call it the "hot" medium), whereby the copywriter has greater scope for wit, fantasy and imagination, at low cost.

These are considerable cards to hold, and they are being played with increasing success. However, the very success leads agencies to fear that if the situation changes to one of more commercials chasing space than the reverse — which has been the case for most stations — then the ILRs will go the route of the independent TV companies, and offer packages which combine peak with off-peak airtime which the customer often does not want.

As far as competition goes, it is unlikely that ILRs will ever face the kind of competitive (and often musical) jungle of the U.S. Though Sir Richard's dream of 120 stations may one day become a reality, many of these — perhaps most — will be tiny, covering small areas and taking much of their material from a "mother station" in the nearest large centre. (BBC Radio Shetland already does this successfully, using Radio Scotland as its "mother station"). The IBA will continue, no doubt, to insist that ILRs do not become simply rock stations, or simply any other kind of stations: and they will become a serious advertising medium, or not, much as they now are.

John Lloyd

The direct response

A TYPICAL recent issue of the Sunday Times Magazine contained 112 pages, of which no less than 70 were devoted to advertising. Of those 70 pages 30 —that is to say nearly half—were taken up by direct response ads which invited the reader to cut out a coupon and write off for goods or for further information.

Goods being sold off the page ranged from records to porcelain and from wristwatches to perfumes. One advertiser, Scotcade, took space for two separate offers, a clock-radio-cassette player at £49.95 and a leather executive case at £39.95. Many of the ads specified that readers could pay by quoting their credit card number.

The current proliferation of such ads is the most striking feature of the area we are now learning to call direct marketing. The phrase covers a variety of activity. To repeat the definition supplied in the Financial Times earlier this year "direct marketing is any system that offers products or services to existing or potential customers via any promotional medium—direct mail, mail order, TV, radio, Press . . . to effect a direct response by mail, telephone or personal visit."

The sums involved are very large. Latest estimates are that the total value of British mail order sales this year will be £2,100m, up by nearly £300m on last year. Expenditure on direct mail is expected to reach £200m, getting on for 15 per cent more than in 1977. The amount of direct response media advertising is difficult to calculate but is reckoned to be at least £30m this year.

In all this activity the biggest single sector is the one that has seen the least change, namely that of the eight major catalogue houses which make up the Mail Order Traders Association. This group, headed by GUS, Littlewoods, Freemans, Grattan and Empire Stores accounts for 75 per cent of all mail order business, leaving the rest to be divided between some 800 other firms.

The principal catalogues each number many hundreds of pages. Between them they have a twice-yearly circulation which runs into millions. The industry itself reckons that every year one British household in two buys something from such a catalogue.

The industry has its origins in the last century when working class people would club together to order goods they could not afford individually, each paying a weekly instalment and drawing lots to determine who would get the latest collective acquisition. Today most of the catalogues go to working class housewives, recruited as agents through ads in newspapers and magazines. The agent gets a commission on every item she orders either for her own family or for others.

When it comes to delivery there are certain differences between the leading companies. GUS and Littlewoods use their own fleets of vans, while Freemans relies mainly on the Post Office.

The principal attractions of buying from the catalogues are credit and convenience. Most customers pay in instalments and no interest is charged, although it is not quite accurate to say that credit is free, since the cost of credit is built into the price of the goods. As for convenience, one need only mention the great growth in the number of women who go to work and have little time for traditional shopping.

The convenience factor does not apply only to the mainly downmarket customers of the big catalogues, however. In recent years other, smaller, upmarket catalogues have made their appearance, for example, that produced by Kaleidoscope, the merchandising offshoot of Book Club Associates, which is jointly owned by W. H. Smith and the American publishers Doubleday.

Founded five years ago and run by Nigel Swabey, a former product group manager with Lyons Maid, Kaleidoscope has gone particularly for such innovative products as a Japanese-made solar-powered calculator. Its catalogues, which go to all members of BCA book clubs, account for about half of its sales, believed to be running now at something like £8m a year, though the company gives no figures.

The other half of Kaleidoscope's sales is generated directly by couponed ads offering specific products. This year the company spent about £200,000 on advertising, but Swabey says it will spend a lot more in future.

The inspiration for this change of policy may well be the spectacle of Scotcade's success. The latter firm, founded also five years ago by American Bob Scott former ad manager of Tower ovenware, has shot up to a turnover of £12m through heavy use of advertising. This year it will have spent around £1m on space.

Bigger fish than Scott have been swimming into the direct response/mail order pool. Among them are Selfridges, Harrods, Tate and Lyle, through its Paget and King subsidiary, and Rymans, the office equipment chain, which has set up a firm called Poste Haste to sell a range of electronic and other goods.

Important

The growing importance of this type of marketing led to the transformation two years ago of the old British Direct Mail Advertising Association into the British Direct Mail Marketing Association. The change of name represented a real change of character. The association now speaks for the big spenders on mail order advertising, a category which had got itself a bad name.

In particular it has brought pressure to bear on newspapers over such questions as rebates of advertising money for shortfalls in circulation. It got the Advertising Standards Authority to take a less hostile attitude to mail order and it inaugurated a number of schemes to promote direct marketing and project a more respectable image for it.

In the search for ways to make advertising and promotional money work harder, new ideas have been injected into the old science of direct response. Some of them are a long way removed from what Claude Hopkins, the legendary American expert on the subject, would have recognised. But two of them do indeed come from America.

One is the invention of the New York agency Wunderman Ricotta and Kline, which specialises in direct response advertising and is now a subsidiary of Young and Rubicam. The idea, which Wunderman calls the Information Transfer Device, is to use broadcast commercials to reinforce the appeal of couponed Press ads. It was first applied in the U.S. to a campaign for the Columbia record club.

Press ads made a premium offer of several records to new members, but the coupon contained an unexplained little gold-coloured "box." Those who saw a TV commercial produced by the agency were told that, if they wrote inside the box the catalogue number of an extra record of their choice, that would also be sent to them free. Wunderman's British arm is now trying to interest clients in using the same technique.

Another American idea lately imported into this country falls perhaps less obviously under the heading of direct marketing. This is the TV Tag game organised by the Newmedia company. The competition was held for the first time a few weeks ago and took the form of an eight-page section in the Yorkshire and Midland editions of the TV Times.

The section contained ads for six products and readers were invited, for the chance of a prize, to answer a number of questions about the products. Research carried out by RSGB and only now available indicates significant increases in brand awareness among those exposed to the exercise.

What Newmedia calls its "inter-active communication" technique is aimed apparently successfully—at eliciting a direct response from consumers in terms of thought about, and interest in, a product, if not in terms of a stated intention to buy. Since the products featured are offered for comment rather than sale, the technique might seem not to fit the definition quoted at the beginning of this article.

Nevertheless, the element of direct response is very clear, and certain mail order businesses have been quick to perceive that the technique could be adapted to serve their purpose. The essence of direct marketing, after all, is to establish a relationship between the individual consumer and the supplier. Once that relationship is established the supplier, or indeed any other firm to which he may make his list of consumers available, can always turn it to good account.

Philip Kleinman

Dangers on the horizon

AR MANY years of decline al terms, the advertising ry in general, and com al television in particular, been dazed by the degree ongevity of their success. e table tells the story: the y figures are largely ingless, due to inflation ourse, but the relation of rtising to the national uct provides vivid evidence e decline in real terms of rtising in general (and ision in particular) from halcyon days of the mid- ies to the slough of the seventies.

nce the low point of 1974-75, e has been a resurgence ch has carried advertising, a whole, at least back to its 1960s position, and has en television its best-ever r in real terms.

rospects

Equally important, this boom, like that of 1972-73, has not ied on a feverish and un- stainable economic expansion. fact, a key year for advertis- growth was 1976, when real posable income and retail es were both falling nificantly.

This point is important, since helps to explain the continu- e of advertising's good times. the boom had been like that 1972-73, we could have ected it to finish in 1976 1977, but 1978 is almost tain to be at least as good year as 1977. Indeed, if we ust advertising revenue by rate of inflation (the retail ce index), rather than by national product as is done the table, 1978 turns out to an even better year than 7, since inflation is much ver.

Furthermore, we expect 1979 be more or less as good as 8 — compared to national duct total advertising ex- iditure is expected to grow y slightly and television ertising to fall very slightly, neither ratio will be sig- ntly different from the ly favourable ones of 1978. nother unusual feature of advertising boom of 1978 been the way it has ended to virtually all media m television at the extremely consumer-orienta end of the spectrum to the de and tech- nical press at the dustrial end; money increases 20-30 per cent on a year ea r have been quite common.

Classified adve sing which was understand y highly depressed (as u employment moved towards 1) has now surged back, e though unemployment has ot declined significantly.

All of this me s that all types of advertis medium have done well i 1978. The recipients of advertising revenue have had work very hard not to do ex mely well, commercially.

Only the hard w ing labour force of the nation ewspapers appear to have ceeded in achieving this fea mainly by engineering the sence of their newspapers rom the streets much of th ime, thus making it very dif lt for the panting advertisers channel their money tow s Fleet Street.

The major subst ve prob- lem now facing th media in general is sheer in bility of supply to meet the parently ever-growing de ds of advertisers for time d space. This is most obvio in tele- vision, and has res d in an unprecedented flow revenue into formerly unpop r times of the year such as ly and August.

Problem

Other media are rathe more flexible than television i eet- ing extra demand, but s a significant, if not entirely on- soling fact, that one of he reasons for the present la ur problems of The Sunday T s is the sheer bulk of the pa end, particularly, its col supplement.

There is now a feeling, pa ticularly strong in those wh have suffered much buffeting that things are going just too smoothly to last. ITCA's pro posal to run the fourth television channel would e commercially far less profitable for the television contractors than a fourth channel run on what might be called Smith/ Whitehead principles, which, on the track record of those two gentlemen, would take participa- tion in television to its ultimate by having more people engaged in producing the programmes than watching them.

The reason for the ITCA move probably resulted from the increasing influence of pro- gramme makers on television's business policies, which is akin to lyetting the lunatics run the the asylum's business.

Threat

Should the advertising industry feel uneasy about its future, or is it all understand- able paranoia?

The most obvious threat is the economic one. Although it seems likely that at least the first half of 1979 will continue to be a reasonable time for advertising, there can be no doubt that storm clouds are gathering for the economy. Organised labour is running faster and squealing lounder, and the cliff edge is not all that far away.

It is quite plausible to expect a wages explosion before the end of 1979, with a resulting lurch back towards inflation in 1980, and a corresponding decline in business confidence. If that happens, advertising will obviously suffer, although the optimists may point out that its strength in this latest revival has been greater than expected, and that this may suggest that advertising is now less vulner- able to economic downturns than it used to be a few years ago.

Political developments may pose an even greater threat to advertising's future prosperity. Since politicians such as Mr. Hattersley and institutions such as the EEC are impotent to prevent the great vested interests of the trade unions and the agricultural lobbies from harming consumers, they feel they must justify their existence by attacking an easier target, and advertising, which has rela- tively few political friends, is an excellent scapegoat for this purpose.

Once again, optimists may point out that the relationship between politicians' words and their subsequent actions is at best a tennous one, and that therefore the advertising industry may escape from the numerous political threats fac- ing it with much less damage than one might expect.

Nevertheless, advertising is very much the child of con- fidence and optimism, both of which qualities suffer from a continued threat of political harassment.

Without question, advertising is now enjoying its best period of sustained growth for over a decade, and it is highly likely that the position will not begin to deteriorate for the best part of a year. However, after that there are a number of dangers looming, both economic and political, which help to explain the rather wary attitude many people in advertising are show- ing towards their new found good fortune. You have been warned.

Harold Lind

TV AND TOTAL ADVERTISING AND THE GNP 1964–78

	Total advertising expenditure £m	Total advertising expenditure % of GNP	Television £m	Television % of GNP
1964	416	1.40	102	0.34
1968	503	1.33	129	0.34
1973	874	1.35	210	0.32
1974	900	1.20	203	0.27
1975	967	1.03	236	0.25
1976	1,188	1.08	307	0.28
1977	1,499	1.22	398	0.32
1978†	1,800	1.32	480	0.35

† The 1978 figures are estimated from AA forecast, and adjusted to the same definitions as the other figures.
Source: Advertising Association.

Market research in great demand

S HARD to estimate which ar of the marketing industry periencing the bigger boom. ainly market research utives cannot remember a weight of inquiries. "For first time ever we are ally turning away business."

Gordon Heald of Gallup if most of his competitors er to say that they are sing prospective clients of ible delays in carrying out gnments there can be no ot that for the first time in s companies are chasing arch rather than vice versa.

ust of the work is linked he advertising boom which tself unusual in that all ors of advertising are doing at the same time, a rare ergence. So all sectors of ket research are very busy. Overall research expendi- in 1978 through specialist panies could well repeat the 1977 gain of 27 per cent, bring- ing the total to £70m. Ten years ago outside research was valued at £12m so this is one area of marketing which has grown in credibility in the past decade.

Decisions

Wage controls have un- doubtedly enabled companies to spend more on marketing and despite the recent decline in industrial profitability there is no easing in the approaches from companies who more and more want research data before they make investment decisions. It is the traditional areas such as product development and advertising research which are perhaps busiest of all, although the new clients which supported market research during the 1974-75 advertising slump— Government, local authority and overseas research—are still buy- ing information. The big change in the last decade has been the fall in commissions from adver- tising agencies — down from being 30 per cent of all research users to just 15 per cent in 1976. They are spending more now but no longer call the tune in research.

Much of the extra work is for ad hoc surveys—RSGB, the ad hoc wing of AGB, the leading research company, boosted turn- over by 40 per cent in the past year, almost double the level of the gain of its continuous part- ners. AGB as a whole should top £14m turnover from research alone in 1978-79 (it has now diversified into publishing and computer services as well), a gain of around £3m and the pressure of work has forced it to postpone investigating new services, such as promotions research. However, Index, the survey of financial expenditure, which cost over £500,000 to develop and involves a panel of 11,500 people, is now national, and other developments, like delivering overnight TV ratings for Thames TV and extending the TCA panel to Ulster, should come on stream next year.

AGB like all the research com- panies, indeed like all market- ing services operations, finds that a shortage of trained staff is restricting growth. Research, in common with advertising and PR, short-sightedly failed to re- cruit and train during the hard years and is paying the price now. There is a great deal of poaching going on and in 1979, which, at least until its end, looks like being as buoyant as 1978, the shortage of executives could restrain growth even more.

Centre

When the downturn comes, as unbelievably it must, research (as usual) should be in a bet- ter position than advertising to survive. For one thing there has been a marked increase in inter- national business passing through London which is more and more the centre for trans- national research, especially by American companies. Not only does London have very good personnel—it is a third the price of research carried out in France or Germany. For com- panies like Gallup overseas work has doubled to a quarter of its turnover in the past year alone. Financial research, and not only through Index is also growing, and the Government seems committed. Along with local government, it accounts for about 10 per cent of research expenditure and often comes up with some very big surveys—an audit of the national housing stock, commissioned by the De- partment of the Environment, is worth £1m, and is split be- tween three research companies, RSGB, NOP, and SCPR.

Antony Thorncroft

PR enjoying a bocm

THE PUBLIC relations industry has never had it so good. The men and women who get paid for putting a bright and cheerful face on their clients are preening themselves at the moment. "Our turnover has doubled in the past 15 months and our profits in the past year," says Reginald Watts, who runs Burson Marsteller. And these are not piffling figures: Burson Marsteller expects a fee income of around £1.1m this year.

The only company that is bigger in the business—Charles Barker-Lyons—has grown by 50 per cent since the merger of the two operations in 1976, and chief executive Christopher Bosanquet expects the 20 per cent expansion of this year, to a fee income of £1.2m, to be repeated in 1979. It is the same story throughout this most myriad industry. At last public relations seems to have taken off—at one level it is enjoying the boom that is lifting the entire advertising and marketing world: at the next, for the first time, companies are starting to believe in the PR man's promises.

In the past public relations has suffered from a crisis of confidence. It has allowed the fast talking young men, guaranteeing clients the world over a long lunch, to set the image for the more painstaking practitioners. This is mainly because there is no obvious training for a career in public relations and recruitment has concentrated on disaffected journalists. But public relations is more than a file of press cuttings and at long last its more sophisticated communications expertise is being appreciated. PR companies are pitching their message at boards of directors rather than marketing men and since industry is suddenly aware of the importance of a good reputation with both the public and Parliament, the PR men are being asked for advice on employee communications, on how Government and EEC legislation may affect their business, on meeting the consumerist challenge, as well as marketing support for brands.

For example Burston Marsteller now has three clients spending over £100,000 a year on PR fees, often with the aim of influencing a small group of people: the whole corporate image is being entrusted to PR executives rather than just product promotion. Charles Barker Lyons finds that it is doing much more consultancy work, especially in areas like employee communications, acting as a sounding board and being taken seriously at the highest level. Product publicity is only around a sixth of its turnover now, although many clients want help right across their activities, including marketing support.

Demand

Such a demand for its services obviously puts a strain on the PR consultancies. It is certainly dividing the industry between the large companies that can supply back-up services—like research, MPs as advisers, nutritionists, etc, and the seat of the pants operations that rely on quick minds and bright ideas. A few large companies are distancing themselves from the competition although there will always be a place for the specialists.

But all share one pressing problem—finding enough good staff. A recent advertisement for a PR executive by a big company produced just four replies. The main companies now have the financial resources to train their own executives, and graduates fresh from university are being recruited. There is also a need to widen the net to employ investment analysts, advertising executives, and engineers as well as journalists, and as the PR companies field more impressive personnel so the prospective clients appreciate their services. PR is one area where women often out perform men. They take the job more seriously and appreciate the opportunity to excel. They are being much more widely employed. Perhaps they are also cheaper—salaries are by far the biggest cost item in running a PR company, with a promising 26-year-old earning around £6,000.

And women can reach the top. Anne Dickenson runs Kingsway which this year solved the problem of its rapid growth by establishing a separate company, Bolton-Dickenson (with David Bolton from Foreman House). The idea behind it was that at a certain size, around the £400,000 fee income mark, the personal contact both inside the company and with clients became harder to achieve. More growth could sacrifice service while acquisition of another PR company often led to even more disaffection. Bolton-Dickenson already has a fee income of £100,000.

The Good Relations group is another operation which prefers to thrive through specialist subsidiaries, and more recently Graham Kemp Associates has divided itself into four—one company for publishing work, one for concentrating on the technical Press, one for film and video, and one for product PR.

Public relations consultancies have probably ever been so busy, or so profitable, but it is easy to exaggerate their impact. Members of the Public Relations Consultants Association, the umbrella body for the leading firms, have a collective turnover of £6.m, and all told the fee income of the couple of hundred practising PR operations, many just one man and his ego, is only around £10m, "about the value of the cat litter market," one managing director neatly put it. Of course some consultants push up their turnovers by including the work they undertake for clients at a cost basis.

Most companies are still very suspicious of public relations which means that there is plenty of potential in gaining new business. One PR company, Intermark, in a very few years has built up a fee income of almost £200,000 with only 11 staff by concentrating on small and medium-sized industrial companies who pay £4,000 or even less a year in fees and in return get their case presented in the trade and technical press and relevant national and local papers. But even Intermark is now involved on research and marketing projects and lobbying Parliament. Yet Intermark reckons that Press coverage is well over half its activity. Most other large PR companies tend to play down their Press and publicity work preferring to dwell on their more subtle techniques. There are PR companies gaining high fees to ensure that their clients are not mentioned on the media.

With the main cost in PR executive time, and with the general recognition that the future of the business depends on attracting better personnel, clients are being forced to pay more in fees to cover the higher salaries. Even so, Charles Barker Lyons will work for companies for £6,000 and take on small ad hoc assignments costed on their consultancy time. In the main the higher fee income this year comes from new assignments from existing clients and completely new clients rather than from increased charges.

One of the characteristics of the public relations industry is that, apart from Charles Barker, the impact of advertising agency owned PR subsidiaries has not been very great. This is mainly because advertising clients are not prepared to pay large sums for PR on top of the commission they are billed for advertising help, so profits are smaller. Lexington, the J. Walter Thompson PR company, shares half its clients with the agency, including such big names as Kellogg and Lever Brothers — and both are now pushing more work its way—but its 30 per cent increase in income this year will only bring it up to £400,000.

Contrast

In contrast the American owned PR companies have adapted well to London. Apart from Burson Marsteller, Daniel J. Edelman and Hill and Knowlton are comfortably established, and Carl Byoir has had a good run, pushing up growth by over 30 per cent in the past year to almost £500,000, and gaining 12 new clients out of 16 presentations. Carl Byoir is now taking stock, a characteristic that might sum up next year in public relations. Although the standard of new recruit is much higher than ten years ago there just are not enough trained PR executives around to cope with growth on the recent scale. To solve the problems of success there is more interest in mergers which could bring economies of scale despite the loss of motivation and unrest it creates in staff.

The directors of public relations companies will have to decide what they want personally from their profession: many are happy to run very small concerns with a few faithful clients to ensure them a comfortable living; others want the prestige and excitement of an expanding business; one or two want to be the men who do for public relations what the Saatchis have done for British advertising and to create the first really large international PR company. Perhaps not enough major companies are as yet fully convinced of the usefulness of PR to make that dream come true.

Antony Thorncroft

Exhibitions can prove valuable

HAROLD BEARSTON provides a classic example of how valuable exhibitions can be—properly used—on the marketing trail. He started selling his Sheffield steel all-purpose Kitchen Devil knife about ten year ago. He took himself and his wares around the country demonstrating their merits at shows—overheads were not high and he met his potential customers face to face. There is now a considerable range of Kitchen Devils and distribution is virtually worldwide, and Mr. Bearston testifies to the merits of this method of selling.

By contrast the recent Motor Show—the first to be held at the National Exhibition Centre in Birmingham—cost the Society of Motor Manufacturers and Traders £2m to stage. Birmingham is likely to be the permanent venue for the show, particularly since the SMMT made a profit.

Little or large, the latest annual survey of spending from the Incorporated Society of British Advertisers shows that British companies put £68m into UK trade and consumer exhibitions during 1977, an increase of 45 per cent over the 1976 figure of £47m.

With inflation in exhibition costs running at 25 per cent last year the rise in spending on exhibitions in real terms was closer to 20 per cent. Gilbert Lamb, director of ISBA, says the rise reflects the full use of the NEC. Among the major halls Earl's Court and Olympia in London netted 28 per cent of the total and the NEC took 33.5 per cent.

What is not generally realised is that trade and consumer shows now account for more than posters—that highly visible sector on which £54m was spent. If agricultural and private shows are included with trade and consumer events the total rises to £109m or nearly as much as goes into magazine and periodical advertising.

The forecast for this year, according to Gilbert Lamb, is that the increase will be much less dramatic—probably about 5 per cent. "The industry will need to work that bit harder to keep up with the competing media."

Private exhibitions—events held by individual companies in hotels and stores as well as those held in house—accounted for £23.5m. In 1976 it was £19m.

Media directors like to have their "audiences" delivered to them in neat packages—AB readers, heavy TV viewers or fishermen, for example. It is more difficult to quantify those who go to the general show. Specialist events such as the Small Engineering Exhibition, which is held in towns all over the country, obviously attract specialist (potentially) customers. But the Motor Show is as much a bonanza for small boys as it is useful for actual buyers.

Data

Work is under way, however, to get accurate standardised information on exhibition attendance, stand space sold and other data so that exhibitions can be examined in the light of marketing objectives. The Exhibition Data Form has been evolved by the Audit Bureau of Circulations, ISBA and the Association of Exhibition Organisers. The ABC is advised by a joint industry committee whose members represent organisers and exhibitors and the information will cover those shows registered with the ABC.

Immediate deals, obviously, are put straight at the door of the exhibition. But lead times can be years and years. Alan Snoxell, head of exhibitions at the Electricity Council, cites the example of the Leeds transport chief who returned to electric buses six years after having been impressed by the display at a Clean Air Exhibition! And Overseas Containers (OCL) uses a heat recovery system in its Aldgate, London, offices—a decision that can be traced back directly to a contact at the Council's permanent stand in the Building Centre.

The Electricity Council is a major user of exhibitions—some 40-50 a year—and its marketing department arranges the activities on behalf of the electricity supply industry. (The various boards also do their own thing locally.) The scope of its activities range from, say, the Autumn Potato Demonstration at Lodge Farm, Dinnington, Sheffield, through highly technical events to the Ideal Home Exhibition.

There are also permanent displays at the Electric Catering Centre and the Air-Conditioning Advisory Bureau in London and the Farm-Electric Centre at the National Agriculture Centre, Kenilworth. The Build-Electric Bureau at the Building Centre has some 20,000 visitors a year but the village hall events will have a correspondingly small audience.

It is about this time of year that next year's programme is decided on. All the runners are looked at and a programme is set. There is no automatic re-entry year after year. Like Harold Bearston, Alan Snoxell is a firm believer in the value of meeting customers face to face. The display can be live (and sometimes Emmett-like) or static and is often used as a launching pad with manufacturers. Since you cannot see electricity it makes sense to demonstrate it with other people's equipment. The Electricity Council supplies the vehicle, the staff, the story and the installation. The manufacturer simply delivers the equipment—and possibly technical and specialist staff—and there is no other cost.

At domestic shows each event has its own style. The Ideal Home, for example, requires a greater "entertainment" factor. This year it was linked to built-in kitchens plus a film on kitchen planning.

Any business done on a stand is passed on to the relevant area board. All inquiries are logged and copies are circulated. Eventually the Council gets reports back from the boards on the results achieved. Sometimes the net effect is simply to renew contacts. The heat recovery display has played its part in the installation of such systems in eight swimming pools in the Aberdeen area. The return on taking part in shows is getting electricity into another area of use.

Taking part in exhibitions, as Alan Snoxell sees it, is an exercise in bringing together all the skills from plumbing to design and meeting the deadline. There must be a management team to run the stand. "How many tired-looking, unmanned stands do you see? Too many." Managing, running and staffing any display demands a very high degree of professionalism, according to Snoxell. Just like advertising.

Pamela Judge

هكذا من الأصل

Television

Seas... of visual fruitfulness

by CHRIS DUNKLEY

...ce again autumn is turning ...o be the best season of the ... for television: the last ...le of weeks have produced a ...le catalogue of fascinating ...grammes. In particular we ...e seen the start of three major ...es to which much of this ...cle will be devoted: *The Voyage Of Charles Darwin*, *The Body In Question*, and *Edward And Mrs. Simpson*.

...here have also been two ...gle programmes, however, ...ich must not pass without ...ntion. The first was Leon ...ffiths' "Play For Today" on ...C1, *Dinner At The Sporting Club*. Though it looked at the ...rt like just another of those ...miliar stories of blood and woe ...the square ring, it turned out not surprisingly since the pro...cer was Ken Trodd—to be one ...the best TV plays of the year. ...n fact only David Hare's *Licking Hitler* comes to mind as a ...rious challenger, so far, for ...y single drama awards going.) ...ertainly *Dinner At The Sporting Club* could be watched simply as ... narrative ...xing film; it had ...ne of the most convincing fight ...equences I have seen in a fic...tional programme, and in Billy McColl a more than competent ...actor who looked quite at home ...n the ring.

Yet it was really a play about the way we organise society, and about ambition and disillusionment. It was a worthy addition to Brian Gibson's list of credits—including *Ju...* and *Billion Dollar Bubble*—and was directed with all the con...ess and the eye for swiftly ...ng detail which we have c... to expect from him.

The secon... BBC 2's drama-documentary ...m, marking the 25th anniv...y of Dylan Thomas's de... Written by Paul Ferris and ...uced for BBC Wales by Ri... Lewis. It concentrated on ...an's American tours, and w... have benefited from vigoro... pruning. In Ronald Lac... portrayal of Dylan, howev... contained one of the great p...mances of the year.

Lacey wor... that awesome trick of taking ...r and projecting the person ...of a character in such a way ...the onlooker tends later in ...to remember the acted vers...ther than the man himself. ...was not just that Lacey rep...ed the poet's reading style ..., accurately (judging from ... week's radio recordings of D... himself). He also conveyed ...he childlike nature which e...es so powerfully but myst...ly from the biographies, an... such a way that without e...y dissolving the paradoxes ... made the mystery compre...ble in terms of one's own e...nce.

The three m... series mentioned above ... "big" in various ways. ...hree are expensive: Than... Television's *Edward And Mr... Simpson* is unlikely to cost le...an £1½m for its seven one-h... episodes: a figure which ind...s the generally lavish nature of the production (big cast, vintage Lagondas, elaborate sets even for short scenes) and in particular the high cost of shooting film on location (for the African big-game hunt in Part 1 for instance).

BBC2's *The Voyage of Charles Darwin* which is a similar length but involved even more location film work, cost about £1m, a figure which the BBC met by co-producing with Time-Life in America, ABC in Australia, and RM in Germany. *The Body In Question*, another BBC2 production, is longer—13 fifty-minute episodes—but involves a higher proportion of studio work with Jonathan Miller alone in front of the camera. The figure of £1m has been mentioned for this series, too, which is co-produced with KCET Los Angeles, ABC Australia, and CBC and OECA Canada.

Traditionally such mundane details are not supposed to concern critics, but I mention them because they are precisely the sort of details which could be increasingly affecting—and even deciding—what we see on screen. It was significant that at the enjoyably luxurious Dorchester launching party for *Edward And Mrs. Simpson* Thames chairman Howard Thomas did not speak about the importance of the abdication story for British viewers, or about the production's artistic achievements, but remarked briefly that with this series it was hoped that Thames would at last break direct into the American networks.

None of which is to suggest that the three series are inferior: indeed they are not. None the less they may be somewhat different from what we would have seen if the producers' considerations had been entirely national rather than international. It is, I think, a point worth bearing in mind from time to time as we watch them during the coming weeks.

Best, or rather most enjoyable, of the three (even if comparisons are a little difficult, not being of like with like as with apples, oranges and bananas but more as though one were trying to compare animals, orifices and bwanas) is *The Voyage of Charles Darwin* since it combines so many pleasures.

It is, most obviously, a continual delight to look at, especially for those of us who love ships. David Whitson, who undertook the main camerawork, has achieved some beautiful effects, particularly with the Beagle photographed against mountains and snowy backgrounds as in last night's episode.

Next, it involves an engrossing story, as Alan Moorehead's *Darwin and The Beagle* proved. The idea about Darwinian theory conveyed by popular culture—that some old biologist happened across the Galapagos Islands, took a shufty at the animals, deduced that we were all descended from monkeys, and promptly sailed home to discredit Genesis—is nicely turned aside here by the detailing of Darwin's own training for the church, the true cartographical purpose of the voyage, and all the accompanying business of Indians, mission work, slavery, and so on.

The greatest triumph, however, has been the way in which the team under producer Christopher Ralling has combined the business of biography and history with the wildlife studies which we normally expect in quite a different sort of programme. No sooner does a voice-over read the passage from Darwin's journal about wasp-like creatures stuffing a half-dead spider into a hole under the eaves of the slaves' quarters than we cut into second-unit photography of exactly that event, for all the world as though it were simply a matter of shouting "Cue the wasps."

One recognises that to make this series properly, complete with Darwin's confrontation with the sealions and so on, Ralling's crews had to move out to exotic locations. The same need is by no means clear in the case of *The Body In Question*, particularly since, in Part 1, Jonathan Miller put his hand on a human brain and declared that his programmes "are about how this organ has struggled to understand all the rest."

That being so, the necessity to open in Pompeii was not immediately clear, any more than Miller's message about personification necessitating embodiment was entirely clear. Italian, Greek, and Bolivian backgrounds begin to look like the gloss on the co-production, though they probably have more to do with the common misapprehension that television is a mainly visual medium.

Miller is at his strongest and most successful when he is at his most practical (dissecting and exploring the functions of bodies or organs, human in Part 1, rabbit in Part 6, which concentrates on the heart) and at his weakest when being theoretical and metaphorical, however expressive those fingers (trying to persuade us, hindered and hidden by a jumbo-sized abacus, of the theory that we "choose" to fall ill: how convenient if one really could choose now the dates for being infected by a flu virus next February).

To the extent that they are, I imagine, something like the early stages of a medical student's training, these programmes are admirably enlightening, and they are greatly enhanced by touches of the old (or rather, young) Miller of *Beyond The Fringe*. The hope is that the theoretical meanderings stay within tight limits.

Edward And Mrs. Simpson is another series which is a great pleasure just to look at. Locations, sets, costumes and props have (with the single ghastly exception of the modern skivertex-coated book-club edition masquerading as an old copy of *Wuthering Heights*) been meticulously chosen and filmed.

The difficulty for the majority of viewers, who were unborn at the time of the abdication, may well be in remembering that the events depicted really happened and that *Edward And Mrs. Simpson* (or *Abdication Street*) is not an incredible soap opera. However, given that the historical events are beyond any doubt, the intriguing question is whether the characters of the main protagonists were really as portrayed here.

The mixture of selfishness and sense of duty scripted for the Prince of Wales (for whom Edward Fox gets marvellously close to doing what Lacey did for Dylan Thomas) is convincing enough. On the other hand it is hard to believe that he would ever have fallen for, let alone married, such a single-minded scheming minx as Cynthia Harris's Mrs. Simpson is made out to be.

It's all right royal entertainment all the same.

Cynthia Harris and Edward Fox in "Edward and Mrs. Simpson"

Covent Garden

L'Africaine by RONALD CRICHTON

Meyerbeer's *L'Africaine* has not been seen at Covent Garden for ninety years. This grandest of Parisian grand operas was Meyerbeer's last work. He had toiled at the score for some 25 years before he died in 1864. It was still not quite ready. The task of tidying up and giving the final polish (Meyerbeer's operas usually received their definitive form at rehearsal stage) fell to the 80-year-old Belgian musicologist Fétis. The care that Meyerbeer, terrified of failure, lavished on this huge concoction—five major roles, exotic setting, historical background (dubious), elaborate orchestral part, chorus and ballet—was repaid amply enough for a time. Then came oblivion. Since the re-awakening of interest in Meyerbeer, *L'Africaine* has sailed only occasionally into view. There was a good BBC broadcast, and later a notable revival at San Francisco, glowingly described here by Andrew Porter.

Covent Garden owed Meyerbeer a major revival. Whether or not *L'Africaine* was precisely the work to choose remained, at the end of Monday's long gala in aid of the Benevolent Fund and in the presence of the Prince of Wales, an open question. Opera buffs will flock to see the production, borrowed from the Maggio Musicale of Florence and sponsored by Imperial Tobacco. Plain opera lovers should be urged to follow their example. Apart from the starry cast, the work is interesting in many ways—Meyerbeer was a crucial figure in 19th century music.

How nice it would be to say that the evening had been fully rewarding on musical or dramatic grounds! But that was hardly so. The story, concerning the adventures of the explorer Vasco da Gama and his two loves, the Portuguese Inès and the African Queen-in-slavery Sélika, is little more than a prolonged excuse for song and spectacle. The music is constantly intriguing for what Meyerbeer gave to others—the Verdi of *Don Carlos* and *Aida* high among them (Verdi's librettist du Locle worked on Scribe's text for *L'Africaine*). He was an exceedingly gifted musician, clever as a million monkeys, a good deal more than merely meretricious. Most of the things that please now—turns of melody, glittering touches in the orchestra, brief but taking pages of sound-painting—are of a kind that can hardly have appealed to the general public in Paris in 1865 unless that public was musically more intelligent than has been supposed.

These things are brief and pass quickly. They are artfully sewn together, but the effect is short-winded (an old complaint, usually levelled against Meyerbeer's tunes). There are pleasing and surprising things: one is sometimes touched, never moved. A few pages of *Carlos* or *Aida* would blow the whole grandiose structure sky high, and yet—without *L'Africaine* they would not by any means be what they are. Though the orchestral part is dazzling, the main interest still lies in the vocal writing. The opera deserves a visit from any lover of good singing for the insight it affords into what singers in Meyerbeer's day could do—and this insight will be the sharper for not being clouded by strong characterisation or drama.

Grace Bumbry

Peter Maag conducts, with a stylish clarity ensuring that Meyerbeer's shining detail is respected. Some things, like the horn solo at the opening of act 2, are too gently presented. Later the balance comes right and during the ballet and the big ensembles in the shipwreck scene the orchestra lashes out with a touch of garishness, and quite right too. The Florentine production by Franco Enriquez and designs by Fiorella Mariani are safely traditional (nothing much would be gained by doing this opera in radical style).

Sélika, the African of the title, is sung by Grace Bumbry, as ever striking in appearance, commanding of voice once she settles down. The role is long and tiring. One may imagine that in the palmy days the "Air du sommeil," a grown-up lullaby sung over the unresponsive Vasco on his prison pallet, was more meltingly done. Yet Miss Bumbry firmly fixes the attention, and she is the only one of the principals whose words (the opera is sung in the original French) are more often clear than not. As Vasco, Placido Domingo deploys a wealth of warm, deep-coloured tone and his usual distinction of manner. "O Paradis," the most famous page of the opera, was impressive if not entirely honeyed. The tenor excelled himself in the following scene of pleading with his Indian captors. His French is still not clear.

Mangled French nearly spoiled a lively performance of the brilliant baritone role of Nélusko, the African chieftain, by the gifted Silvano Carroli. Inès, with whom Vasco ultimately returns to Portugal, leaving Sélika and Nélusko to die from the fumes of the manzanilla tree on the sea-shore in the palace gardens, was charmingly vocalised by Margherita Rinaldi. It will be a pleasure to hear this excellent soprano again—in her own language. On Monday no word came over.

Among the basses, Raimund Herincx as the High Priest of Brahma belatedly established the right style, Richard Van Allan was only moderately well suited to Vasco's rival Don Pedro, David Ward was the Grand Inquisitor, jovially sinister, Willard White made a brief but definite mark as the Admiral, Robin Leggate revealed Don Alvar as a sketch for Verdi's Cassio. Go, but although the first act is much the least interesting, arrive in time to read the programme before the performance starts. Without enlightenment the hours may pass slowly.

...ood Palace

The Late Christopher Bean

In his second volume of autobiography, Emlyn Williams charmingly concedes that his great success in 1933 with this play was due to "a week's tinkering in New York" on a script by Sidney Howard, itself a translation from the French of René Fauchois.

Edith Evans played the part of Gwenny, the Welsh maid about to leave a Lancashire household after 15 years' service. In Stephen Hollis's loving and wholly successful revival, Dora Bryan gives us a Lancastrian Gwenny who is bright as a button, not all that bathed in reflective moonshine over her dead artist lover, but affecting nonetheless.

Christopher Bean was a lodger with Dr. Haggett and his family ...en years previous to the play's beginning. An unfortunate chap, he was not only an unappreciated artist, but also an orphan an alcoholic and a victim of tuberculosis. Still, he is now all the rage in London and New York. Mr. Williams changed the locale from New England to "old" England, and this little patch of it is invaded by a crassly caricatured Jewish art dealer, a forger passing himself off as Bean's oldest chum and a venerable art critic, whose approval of the dead artist prefigures a rise in the domestic greed temperature.

The world of art, of course, has changed not one whit in 50 odd years, so the sight of Haggett's pretentious wife and ghastly elder daughter changing their tune on the subject of Bean's talent remains both valid and hilarious. A further and resonant irony is embedded in the comedy's substantial texture by showing the younger daughter emotionally committed to a humble artisan who sat at Bean's feet. When the critic approves the young painter's apprentice work, Mrs. Haggett declares that the family's view of artists has altered completely.

There is a happy upshot when it is revealed that none of Bean's paintings has been lost, as supposed, in a bonfire and, with Miss Bryan about to exit on a scene of vulgar haggling, the final shot is fired: she is Christopher Bean's widow!

They don't write plays like this any more, but it is good to see one with plot, tension and solid dialogue that also manages to be about a subject of contemporary interest.

In a good supporting cast on a stage picture (designed by Colin Winslow) of a sunny living room in the middle of pre-war England, Pamela Cundell and Dallas Cavell are fine as the Haggetts, while Sarah Carthy establishes a touching portrait of a lover's loyalty whatever the consequences. It might even make a palatable musical.

MICHAEL COVENEY

Regent

Little Willie Jr's Resurrection

This is a "dramatic soul gospel musical," and soul singers are so rare in England that the ...-American company has come to play here before they move over to Broadway. ... is the singing that matters; the play by Oscar L. Johnson ... thin stuff and serves little purpose but to hang the songs ... Even the climax, in which Little Willie Junior, a budding black basketball star, brings a white fiancée to his home in Harlem, is left unresolved; his ...san has a baby, but Little Willie III is handed over to Little Willie's mother to bring ..., so there is no kind of rapprochement.

I liked some of the singing, though, especially the singing of ...rlene Ellis, a motherly lady who put me in mind of Elizabeth Welch. Those pentatonal melismas welling up from the ... really can be thrilling. Little Willie himself, who plays his own father in Act 1, is a slim, round-headed elf named Ray ...bell; Big Willie, who is his own son in Act 2, a muscular baritone, Roosevelt Robinson. Little Willie's mother is a handsome lady, Jan Ellis Scruggs, who begins preaching on a text from St. Matthew at the drop of a hint, and I liked her when she did that.

It is only chance that I have singled out the black players for praise. The two white girls, lacking the racial talent for soul singing, are given little to do of any interest, though Bella Weil does her best to seduce Big Willie in the first scene. The white actor simply must tone down the make-up round his eyes before he can expect us to think of him as a rich planter or a foreman at General Motors or a plain-clothes cop. Most of the acting is as pedestrian as Mr. Johnson's lines.

But the connoisseur of soul music may find something to get his teeth into. The singers, not the songs (written, directed and conducted by Johnny Thompson) are the attraction. I liked them best when they all, including the musicians in the pit, swelled into a great chorus.

B. A. YOUNG

Elizabeth Hall

Kagel by DOMINIC GILL

No category fits the Argentinian-born German composer Mauricio Kagel neatly—in his youth a student of Ginastera, later a researcher of electro-acoustic techniques in Cologne, theorist, humorist, elaborate dadaist. Kagel is best known these days for his experiments in the ambiguous quasi-musical field that lies somewhere between "pure" music," and "pure theatre."

His work is less familiar, because less frequently performed, in this country than it is elsewhere in Europe—the last major Kagel presentation, a day-long London Music Digest programme at the Mermaid Theatre, took place in 1974. So it was a little disappointing this week to find him once again not badly, but less than adequately, represented: no purely instrumental concert, such as the London Sinfonietta's all-Kagel programme on Monday night, could pretend to offer an accurate picture of this intriguing (and as often, for those with a taste for such things, strangely compelling) maestro of oddball music-theatre.

Before the concert, in the Waterloo Room, we did have the chance at least to see a showing of Kagel's short film *Match*, delightfully surreal and wickedly pointed—though its impact was somewhat dulled by the subsequent delivery of a long, pretentious and irrelevant critique of the film by Glyn Perrin, read aloud by its author from script, and, by a maddeningly brief appearance of the composer himself, who hardly had time to warm to his words before the meeting was closed.

The music of the concert too was badly served—not by its performance, which was given by the Sinfonietta with all their customary dedication and virtuosity, but by its presentation. The starting-points or catalysts of Kagel's works are often extra-musical and, like all of the other specifically only quasi-musical ingredients, have an integral role to play in the pieces themselves (we learned from the composer, during his earlier brief appearance, that the inspiration of his very first work, written while still a student, was the violin sonata of Marcel Proust).

Kagel's *1898*, which took up the whole of the second half of the programme, has a very particular and relevant story to its making — to which not one single reference was made either verbally or in our programme-book. It was composed in 1973 to celebrate the 75th birthday of Deutsche Grammophon — a tribute as odd and unexpected (from Kagel one has learned never to expect) as it is characteristic and curiously touching. The idea for the instrumentation of the piece came from a photograph taken around the turn of the century of an early recording session, discovered in DGG's archives. The picture shows a band of musicians crammed together in a tiny studio. Two recording horns project from the wall; and in the first row of the band, three violinists, wearing the wing-collars and handlebar moustaches of the period, rest outsize bows on three extraordinary instruments.

It appeared, after some research, that these were called "Stroh-violins": a hybrid of violin and trumpet named after Charles Stroh of London, whose design replaced the violin body by an aluminium disc and trumpet-bell in an attempt to achieve the greater volume of string-tone necessary for early acoustic recording. Kagel's original score for *1898* prescribed four brass instruments with percussion, piano and harp, and four Stroh-modified string instruments, all of whom play only two monodic parts, double d at will in any octave. There was a conscious attempt "to affect a musical X-ray of the end of the 19th century . . . and to reconstruct compositionally, the typical sound-world of those early unstable acoustic gramophone recordings."

The conductor of that early photographed session was one Bruno Seidler-Winkler, "whose resemblance to Groucho Marx," Kagel noted, "is indisputable." But *1898* is not merely a comic piece—though it contains the same humorous ambiguity, the same consciousness of and delight in the bizarre and surreal, evident in all of Kagel's work. It has a kind of grave beauty also, and progresses like a priestly ritual—lit with all manner of colours, subtle shades and sparks. The new enlarged version for the Sinfonietta has its points: some of the textures at climaxes especially sound weightier and richer. But I think the original scoring for ten instruments is still preferable: the effect is odder, the doubling more transparent, the timbres more exposed and bittersweet. And it was unforgivable — even if the Sinfonietta could clearly never lay their hands on enough Stroh-instruments to give an "authentic" performance — to omit all mention entirely of the genesis of the piece.

Every bar of *1898* is strictly notated. The Sinfonietta began their Kagel evening, by contrast, with a work that is wholly improvised—*Ludwig van*, a fantasy of homage constructed by the performers for a "score" of photographed fragments of music. I have heard perhaps half a dozen performances of *Ludwig van* in the nine years since it was written, by various ensembles in a number of different countries. It is an amusing piece: it *must* be amusing, for a deadly "serious" performance could be deathly dull. But no performance yet has struck me as a really justifiable use of resources—fine players, lively imagination, superb material. At best, with brilliant players like the Sinfonietta's, the result can be brilliant: and all the same, terribly slight.

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Scepticism is not enough

MOST PRESS reports of Mr. Callaghan's speech at the Lord Mayor's banquet conveyed the impression that he was adopting a truculent, not to say hostile, line towards the European Community. Such an impression is not entirely fair to the Prime Minister. He is not now, nor has he ever been, a European federalist; but his speech contained strong praise for some of the achievements of the European Community, especially in the field of foreign affairs, as well as support for the general aim of closer, if pragmatic, economic cooperation in Europe. Yet it is symptomatic of this government's stance in Europe that its pragmatism too often looks like scepticism, or even downright suspicion, and it is not surprising that it was those passages in Mr. Callaghan's speech which were critical of the workings of the Community which made the headlines.

Resources

Not that Mr. Callaghan's criticisms are absurd or unfounded—far from it. There is no justification for the fact that the Common Agricultural Policy continues to absorb 70 per cent of the Community budget. There is no justification for a common agricultural policy whose primary effect is to build up unsaleable surpluses. And there is no justification for a common agricultural policy whose secondary effect is to bring about a substantial transfer of financial resources from a relatively poor country like Britain to relatively rich countries like Denmark and Holland.

These are serious shortcomings, and they are increasingly being recognised as such, not just in Britain but also elsewhere in the Community. At a time when all governments are struggling with the problems of recession and unemployment, it is absurd to squander public money on farm surpluses; at a time when Chancellor Schmidt and President Giscard d'Estaing are preparing to launch the scheme for closer monetary integration in Europe, it is doubly absurd to perpetuate agricultural and budgetary arrangements which, so far from facilitating economic convergence between the rich countries and the poor, make it more difficult.

No one can imagine that it will be easy to reform these arrangements. For one thing, the common agricultural policy is embedded in Community folklore as a major landmark in the process of European integration. For another, the governments of those member countries which benefit from the common agricultural policy will not lightly surrender these benefits. There was a time when it was argued that the cost problem of the CAP, and in turn the problem of surpluses, would over time evaporate, since the flight from the land would lead to a more efficient European farming industry and a weaker farming lobby. These arguments have so far proved illusory. To the extent that the European farming industry has become more efficient, European farmers have become richer, and have gone on producing surpluses: their governments have been unable or unwilling to contemplate any radical reform of the basic mechanisms.

It is at this point in the argument that the underlying attitude of the British Government towards the European Community becomes crucial. The common agricultural policy can only be reformed with the consent of the other governments, including those which currently benefit from its operations, and they will only do so if they believe that it will bring long-term advantages. Yet the whole tone of the British Government's relationship with the Community to date has been one of carping scepticism, which must make it difficult for governments on the continent to believe that it shares a common aspiration for a European future.

This is not just a question of particular battles, over farming, over fisheries, over tachometers, or over energy. It is rather that these battles have been symptomatic of a deeper half-heartedness, which has undoubtedly undermined the support of some of those governments which from the beginning were the strongest advocates of British membership of the Community.

Minimal

This half-heartedness is not difficult to explain: the European Community is not popular with the electorate, and the cabinet is deeply divided. To say, as Mr. Callaghan did yesterday in the House of Commons, that the balance of advantage was still in favour of Britain staying in the Community, may be true; but it is an expression of such minimal enthusiasm for Community membership that it can do nothing to persuade the other member states to adapt Community policies to our legitimate claims. There are obvious flaws in the monetary arrangements now being worked out for next month's European summit; the drawbacks are most striking for a country with a relatively weak economy. But it is difficult to see why the other governments should put Britain's problems at the top of the agenda when the British Government gives the impression of being ambivalent about the whole European enterprise.

Time to drop the curtain

THE COMEDY is over—or at least it ought to be. While the Prime Minister and the Chancellor, who have invested so much effort in the talks, must privately regard the latest setback in their talks with the TUC as tragedy, at Transport House the affair has virtually degenerated into farce. By 14 votes to 14, the General Council has been unable even to agree on what amounts to an agreement to disagree.

The text of the agreement which would have been launched last night but for the vote hardly inspires the feeling that much has been lost. The Government remains committed to five per cent, and the TUC to nothing in particular. In return for some guidance from the TUC on bargaining, whose main feature appears to have been to call the attention of those concerned to the price consequences of a settlement, the Government was prepared to review the safeguard clauses in the rules governing the Price Commission. It is not clear either that negotiators would have paid any regard to the TUC guidelines or that price controls would have been tightened.

The Government may now be tempted to implement its side of the agreement, even without General Council endorsement, in the hope of influencing the bargaining "atmosphere." This would surely be a mistake. Every government grappling with the wage problem is tempted to offer such hostages to fortune: to this we owe the various extensions of trade union privilege which have made the underlying situation a great deal worse. The danger of the present agreement was that the Government would take meaningful and damaging action in return for empty promises. The General Council at least showed that it is an honest body in refusing to endorse promises which it might have evaded less publicly. The right government response is to offer nothing in return for nothing.

This does not mean that the talks have been wholly unproductive, or that policy can simply ignore their collapse. One or two potentially helpful ideas have emerged—notably the trade union proposal that the price consequences of settlements should be publicised. (It might also be helpful if initial claims, intended only as opening bids, were less widely publicised.) The Government also offered to bear prices in mind in carrying out its misguided sanctions policy. It is a fairly short step from here to reverting to the proper rules for the public sector—buy from the lowest bidder, and restrict industrial aid to competitive firms. Productivity is not only achieved through deals, and not always achieved when deals are made.

Meanwhile, the talks seem to have been mildly educational: a 14-14 vote on a document explicitly linking pay and prices is some advance on a solid vote for free bargaining without mention of the consequences: and though it is surely time for the haggling to stop, the educational task is one which the Government cannot abandon. In the long run a general anti-inflationary economic strategy will produce more lasting results than any series of norms. There is already pressure inside the union movement for a more orderly approach to the wage round: it is there, some day, that some real hope of a policy might be found.

Worst of all worlds in the American shipping trades

BY IAN HARGREAVES, Shipping Correspondent

TWO WEEKS ago, President Jimmy Carter refused to sign into law Bill number H.R. 9518, the so-called shipping malpractices Bill. It was an unusual step for the President to take, as the Bill, designed to impose severe penalties on ocean shipping companies found guilty of offering secret cut-price deals to shippers, had commanded strong support in both Houses.

In vetoing the Bill, President Carter made it clear that he was not sanctioning rebating practices, indeed his official statement on the matter said that the Federal Maritime Commission had been asked to step up its enforcement efforts under authority it already possessed from the 1916 Shipping Act.

But the rest of the President's statement came like a good weather report to the maritime countries outside the U.S. which would have been principally affected by the passage of the Bill.

It said that the U.S. was currently engaged in "important discussions" with Europe and Japan in an attempt to reach co-operative agreements involving a number of shipping problems, including rebating. Shipping lines want freedom to offer certain kinds of rebates in order to retain the loyalty of important customers. Rather than take immediate unilateral action, the President wanted to pursue the talks and to get from a White House task force established in May its review of the whole of U.S. marine policy. Mr. Carter's statement formally committed him to working with the next Congress, to be assembled in January, to develop "a comprehensive maritime policy for the U.S." reflecting the concerns of the rebating Bill as well as wider policy matters.

The talks to which the President referred resume in London today, six months after the last, rather stormy round in Washington. They involve the U.S. and a group of 14 countries linked together as the Consultative Shipping Group, which started life in the early 1960s as an unofficial offshoot of the Organisation for Economic Co-operation and Development and met secretly at a Paris restaurant until about three years ago, when its existence was first officially acknowledged. The members of CSG are Belgium, Denmark, Finland, France, West Germany, Greece, Italy, Japan, Holland, Norway, Spain, Sweden, Ireland and Britain.

In the last two years, this group has displayed remarkable unity directly as a result of a re-emergence of the common problem of U.S. shipping law and its enforcement.

This began in January last year with the publication of a U.S. Department of Justice report on the regulated ocean shipping industry which concluded that conferences organised by shipping lines to plan services and fix rates were: first, monopolistic devices serving to stifle competition, second they ensured that U.S. industry paid more than necessary to ship its exports and, third, they were to some extent a root cause of poor trade growth itself.

Later in the year, the Department started to subpoena documents from foreign shipping companies serving the U.S. in preparation for a full-scale Grand Jury investigation of conference behaviour. In spite of the refusal of most non-American Governments to permit the delivery of documents to what they regarded as an illegitimate extra-territorial interference in their companies' affairs, the Department was said at one stage to be receiving papers in 40-foot cargo container loads. Everything from senior executive's personal diaries to memoranda of inter-company meetings were demanded.

This legal process is still rumbling on and provides a potentially volatile backdrop for this week's and future U.S.-CSG talks. The Grand Jury has now started to subpoena witnesses, but it is as yet impossible to predict when it will decide whether to proceed with specific criminal or civil actions against named lines or groups of lines.

Meanwhile for the seven major shipping conference lines involved in North Atlantic trade with the U.S. and the more than 20 serving the Pacific coast, it has been a case of continuing business, if not quite as usual.

U.S. Oceanborne Foreign Trade/Commercial Cargo Carried

CALENDAR YEAR	1966	1970	1971	1972	1973	1974	1975
Total Tons m.	392.3	473.2	457.4	513.6	631.6	628.5	612.0
U.S.-Flag Tons	26.2	25.2	24.4	23.8	39.9	40.9	31.0
U.S. Per cent of Total	6.7	5.3	5.3	4.6	6.3	6.5	5.1
Liner Total Tons m.	49.9	50.4	44.2	44.6	51.3	51.4	45.0
Liner U.S.-Flag Tons m.	11.4	11.8	10.1	9.8	13.2	15.2	13.6
Liner U.S. Per cent	22.9	23.5	22.9	21.9	25.8	29.5	30.3
Non-Liner Total Tons m.	189.5	240.7	220.7	242.6	281.9	282.7	272.7
Non-Liner U.S.-Flag Tons m.	6.9	5.4	4.8	3.8	4.5	5.0	3.8
Non-Liner U.S. Per cent	3.6	2.2	2.1	1.6	1.6	1.8	1.4
Tanker Total Tons m.	152.8	182.1	192.5	226.4	298.4	294.4	294.3
Tanker U.S.-Flag Tons m.	7.9	8.0	9.5	10.2	22.2	20.5	13.7
Tanker U.S. Per cent	5.2	4.4	4.9	4.5	7.4	7.0	4.6
DOLLAR VALUE							
Total Value ($ bn.)	36.4	49.7	50.4	60.5	84.0	124.2	127.3
U.S.-Flag Value ($ bn.)	8.2	10.3	9.9	11.1	15.9	22.8	22.3
U.S. Per cent of Total	22.5	20.7	19.6	18.4	18.9	17.7	17.5
Liner Total Value ($ bn.)	24.8	33.5	32.4	37.4	49.6	63.4	64.2
Liner U.S.-Flag Value ($ bn.)	7.5	9.7	9.2	10.3	14.4	19.4	20.0
Liner U.S. Per cent	30.4	28.8	28.4	27.7	29.1	30.6	31.2
Non-Liner Total Value ($ bn.)	8.2	12.2	13.2	17.4	25.2	34.7	36.3
Non-Liner U.S.-Flag Value ($ bn.)	0.4	0.4	0.4	0.4	0.7	0.8	1.0
Non-Liner U.S. Per cent	4.9	3.3	3.1	2.4	2.5	2.3	2.7
Tanker Total Value ($ bn.)	3.4	4.0	4.9	5.7	9.2	26.0	26.7
Tanker U.S.-Flag Value ($ bn.)	0.3	0.2	0.3	0.4	0.8	1.8	1.4
Tanker U.S. Per cent	7.7	5.6	5.5	6.2	9.1	6.9	5.1

NOTE: Includes Government-sponsored cargo: excludes Department of Defense cargo and U.S./Canada translakes cargo.

Source: U.S. Maritime Administration.

The speed of lawyers

With the Justice Department increasingly inquisitive about all aspects of the shipowners' business, any exchange between shipping lines and their conferences or between shipowners and shippers is the subject of internal legal scrutiny. "The speed of conference decisions has become the speed of the most prudent lawyer," said one company chief executive. The lawyers, everyone agrees, are extremely prudent and extremely costly.

Some of the signs of the damage being done are obvious. Barred from effective communication with shippers' councils, which are legal in CSG countries but not in the U.S., the conferences have been unable to negotiate changes in rates, currency adjustments or special surcharges for such events as last year's U.S. longshoremen's strike. The result has been a series of necessarily unilateral conference declarations, followed by tough shipper rebuffs, confrontation, threats, followed many weeks later by a compromise. In the old days, they simply sat around tables and reached agreed solutions.

Other problems are both more fundamental and less easily evaluated. The CSG governments' basic case is that conferences, far from being monopolistic, profit-maximising cartels, are subject to a whole range of market pressures, including competition from non-conference shipping lines which proliferate in the once lucrative American trades. They point to studies which have shown shipping costs and freight rate increases advancing at almost identical rates in recent years.

Conferences are, according to this position, the only means by which shipowners can get together and plan investment as well as cargo rates, in such a way that the large capital sums involved in modern ships are most efficiently spent. According to a study by Hapag Lloyd, the German shipping line, if the seven North Atlantic operators had been able to plan, rationalise and pool resources during containerisation — as lines have done in most other containerised trades — they would now be achieving 85 per cent capacity utilisation of their ships rather than the 65 per cent actually averaged. In 1975, Hapag Lloyd says this would have cut freight rates by an aggregate of $200m. to the direct benefit of the shipper and therefore the consumer whom U.S. antitrust laws are designed to protect.

The present situation, in short, and by agreement of most of those involved, represents the worst of all possible worlds. The bigger, established owners are shackled by a conference system which is not working and everyone, outsiders included, lives in fear of the U.S. courts. There is neither effective regulation nor clearly sustained de-regulation.

At stake is the question whether the U.S. should go for full-blooded de-regulation and repeal the limited immunity from antitrust offered to shipowners under U.S. law or find a new system closer to that of its international trading partners, all of which back the tight or closed conference system.

For the Americans, the business of sorting out its relationship with the CSG governments is only part of the much wider task of revitalising the U.S. merchant marine which generations of poor administration, high costs and straightforward lack of interest have damaged—in the words of the President, "drastically and dangerously."

Only about 5 per cent of U.S. ocean trade by weight is carried in U.S.-flag ships. Although the situation is much healthier in the liner trades, where the Americans have a 30 per cent share, there is a strong feeling that this situation must be changed both in order to benefit the balance of payments and to strengthen the country's strategic reserve of ships for use in war.

Promise to unions

According to Congressman John M. Murphy, chairman of the merchant marine and fisheries committee in the House of Representatives, the only effective way to reverse this is to enact legislation reserving a higher proportion of trade, especially oil, for American ships. One attempt this year at such cargo preference legislation failed after a minor scandal over promises by President Carter about enacting such legislation, made to shipping unions during the presidential election campaign. Mr. Murphy is adamant that another attempt will follow.

Meanwhile the U.S. has also awakened to the growth of the Soviet shipping lines' share of their trade—now running at an estimated 4 per cent overall, over 12 per cent on the East Coast-West Germany route and 8 per cent on the key Pacific-Far East route. Even in a country where shipping matters are not exactly in the political mainstream, the case for a general policy rethink is overwhelming.

This is the purpose of the White House task force or inter-agency review, which is looking at all these policy matters as well as passing judgment on the tangled agency supervision structure which has led to frequent and occasionally very rancorous public exchanges between the Federal Maritime Commission, the Department of Justice and the Department of Commerce. Waiting in the wings is the Department of Transport where Mr. Brock Adams, the Transport Secretary, has been pushing the case for a regrouping of shipping administration under his authority.

At the moment, the U.S. maritime scene does have an Alice in Wonderland air about it. The Justice Department is hounding shipowners for fixing rates, the FMC for cutting them. The root philosophy of the Americans is free competition and free trade, but there is strong support for cargo reservation. One agency wants to get rid of malpractices like rebating by opening the system to the full winds of free competition, another would do it by closer government supervision.

By comparison the CSG Governments sound unanimous. But even here, there are important differences, particularly in attitudes to that fundamental cargo reservationists, the unratified United Nations liner shipping code, which proposes a 40:40:20 share-out for exporting country, importing country and third countries.

Britain is anti-code on grounds of free trade and commercial efficiency, the rest of the EEC supports it, with varying degrees of qualification. Britain is certain, eventually, to be forced into a compromise based upon accepting the code.

The issue is even further complicated by the current attempt of the European Commission to apply competition policy — supposedly anti-cartel, pro-free trade — to shipping without upsetting the conference system.

No one is expecting dramatic progress at this week's meeting and in the longer term there is great uncertainty within CSG about what they can realistically expect from the Americans.

What CSG would like in the shorter term is a declaration from the President instructing the Justice Department not to interfere extra-territorially with foreign shipping lines, which would free shipowners to re-open contact with shippers' councils in Europe and Japan. Eventually, they hope, this would lead to the legalisation of shippers' councils in the U.S. itself.

Push back

Apart from that, governments would like the Americans to accept a system of bilateral and/or multilateral communications on shipping regulation, which would allow intervention and comment before a ruling from the Federal Maritime Commission, for example, becomes firm. They would also like, as would the FMC itself, to see Justice pushed back from its interference in FMC affairs, this being the main factor which shipowners say has hampered their conferences from taking effective and speedy actions about, for example, new members. Intermodalism is another area where legislation would be welcomed outside the U.S.

In spite of the long history of the problems, which have tended to break out about once a decade for the past 40 years, it is too early to tell how matters will progress.

No one should underestimate the Carter Administration's difficulties in revitalising a domestic industry at a time of its greatest recession in living memory or of slotting such a policy into a framework of international trade philosophy which is pragmatic, self-contradictory and confusing.

MEN AND MATTERS

How much bite in watchdog's bark

"Maybe the public might think that I will be a fraction more detached," the new Ombudsman told me last night. From January 3 the barrister Cecil Montacute Clothier is to take over from Sir Idwal Pugh. He will be the first—to give him his full heavy-handed title—Parliamentary Commissioner for Administration and Health Service Commissioner for England, and for Scotland, and for Wales who has been appointed from outside the Civil Service. This change is a move welcomed by the Tory MP Patrick Jenkin though seen as little real alteration in the system by the socialist, Ian Wrigglesworth. It comes at a time when the operations of the Ombudsman are under some scrutiny.

The Commons Select Committee on the Ombudsman has called for his powers to be widened and the public's access to him to be made slightly more direct, even if it believes the formal channel should still be through complainants' MPs. The Prime Minister's office tells me that these seven-week old recommendations are still being considered and no date has been fixed for a reply. But it denies that in appointing Clothier the Government is seeking to woo the medical profession.

This possibility is raised by the whole question of the Ombudsman's being empowered to add to his remit that of investigating the clinical aspects of complaints against the Health Service.

Pugh, the third holder of the 11-year-old office, had said that that would not be possible unless the full-hearted support of the medical profession could be won. And Clothier has considerable experience here. A recorder, he has written a report on pharmaceuticals, is a legal assessor to the General Medical and General Dental Councils and is a member of the Royal Commission on the National Health Service.

"If you were counting out pound notes all day, you'd have green fingers too."

Clothier tells me that it is too early for him to say whether he would like the Ombudsman to have more direct contact with the public. He thinks it is a "very good thing if the watchdog is occasionally seen to bark." An honorary Lieutenant-Colonel of the Royal Corps of Signals, which supplies some of the staff to the intelligence operation Sigint, he is to some extent now involved in the quest for open government.

Gloom about love

"Sweetheart" is on its last legs. "Boyfriend" and "Girlfriend" are on their way out. "Darling" and "the One I Love" are holding up well enough, but for how long? Of such elements are the musings of the manufacturers of greeting cards composed, and one can feel for them. They are, it seems, faced with a confusions of fads and fancies.

Some of the larger companies in the trade are now—naturally—hiring computer time to help them through the jungle of which affectionate titles are in, which out. Some pessimistic members of the Greeting Card and Calendar Association speculated yesterday that all such endearments were doomed.

And it isn't just what you call the One You Love: it is also the size of the card you give him/her. For the past three years "cute jumbo-sized" cards were all the rage. Now, I learn, they are dying on the mantlepiece and on their way to an elephants' graveyard. So what next? Nasty pint-size cards?

That may not be as daft as it sounds. Manufacturers say "humourous risque cards" are becoming more popular, replacing the gush with a blush, as it were. But some standards remain. "Below the navel humour," say the manufacturers, "is still infra dig."

Tax prophet

The anti-tax fraternity is rubbing its hands at the prospect of a visit from Howard Jarvis, the American Moses of the Middle Classes and hero of the Californian tax revolt. A portly millionaire of 75 who gathered his first fortune in local newspapers, Jarvis is riding high on the success of Proposition 13, the tax-slashing measures which appear to have gripped the U.S. imagination. The crusty crusader is now energetically stomping North America arguing for $50bn federal tax cuts.

Jarvis' visit next month is being jointly sponsored by CUT, the Chartered Union of Taxpayers, and the National Association for Freedom. Swingeing tax cuts are apparently a major plank in NAFF's conception of liberty. "But there's a long way to go, isn't there?" NAFF's spokesman asked me rhetorically. The association is jubilant about having lined up a meeting with Mrs. Thatcher, and feels Jarvis will provide a "rallying point" for the well of "latent anti-tax sentiment."

"Obviously no-one likes tax very much," the Treasury said deflatingly. "I wouldn't have thought the Chancellor was shaking in his shoes."

Planting an idea

I hear that the Trees for People Trust is negotiating with Thames Water Authority to plant a swampy 30-acre site near Rickmansworth, Hertfordshire, as a vast international arboretum. The trust's director, Simon Klinger, tells me he also hopes to incorporate a Museum of Trees.

"The water authorities have tens of thousands of acres like this, many of them very beautiful, which the public never sees," says Klinger, whose infectious enthusiasm about trees brought the trust into existence a few years ago. His belief in educating children about the subject from an early age has a practical edge—schoolchildren would be doing much of the spadework at Rickmansworth.

"If you teach children not to vandalise trees then they are less likely to vandalise other things," adds the relentlessly practical Klinger, who insists he is not the torquemada of the kindergarten some might imagine from his remark quoted in this column last week that he wanted to "attack" children to stop them damaging trees. It was the problem he had in mind, not the children.

Point of view

"Tell me," a colleague's wife said to her greengrocer on Saturday, "why do you invariably increase your prices at weekends?" "You've got it all wrong," came the reply: "I reduce them during the rest of the week."

Observer

The harrowing saga of French TV

BY ROBERT MAUTHNER, Paris Correspondent

THE LONGEST and most expensive production staged by French TV is the tragi-comedy of its own disasters. Mercifully, the saga, in common with so many French TV productions, has never reached the screen. If it had, it would certainly have been awarded an X certificate, for the harrowing tale of financial profligacy and artistic failure would have sent the most sedate and anaesthetised viewers screaming from the room.

The public, however, has not been spared the gory details. Even if the facts had not been given a full airing in the Press and Parliament, the repeated strikes by production staff and cancellation of programmes during the last few weeks made it crystal clear that something serious was wrong. French viewers were even deprived of live coverage of the world gymnastic championships in their own country, an event which, horror of horrors, was beamed to the world by the American network ABC, brought in at the last moment by the panic-striken organisers to replace the first French channel, TF 1.

Frequently strikebound, deeply in debt, buffeted by constant changes in the top management and directors of its news services, the hydra-headed monster which was created by President Giscard d'Estaing's 1974 reform of the state-controlled radio and TV organisation, ORTF, has sadly failed to fulfil its early promise. Yet the motives behind the reform were entirely praiseworthy. Its main shortcomings have been the attempt to graft a private enterprise philosophy on a huge public service bureaucracy, whose unrealistic structure had defied all attempts to run it efficiently and profitably.

However much President Giscard was tempted to go the whole hog in his reform of the old centralised ORTF, which had signally failed to achieve what is considered in France the almost miraculous independence of the BBC, he was prevented from doing so by powerful political forces ranging from Right to Left. For different reasons, neither the Gaullists nor the socialists nor communists, to say nothing of the trade unions, would have accepted a [illegible] or even a watering down of the sacred State TV monopoly at the time. For the Gaullists, the radio and TV organisation was traditionally "the voice of France." The socialists and communists feared that privately-run channels would hardly be sympathetic to their political views and the trade unions knew that their members' jobs would be safer in a State-controlled organisation than in private companies run on a profit-making basis.

So the President compromised. He split the monolithic ORTF into seven theoretically independent companies, including three TV channels and a production company, the Société Française de Production (SFP) which would provide the channels with many of their programmes and also make films and programmes for export. State control was ensured by the fact that the heads of all the companies were appointed by the Government and had no security of tenure.

By making the three TV channels—TF 1, Antenne 2 and FR 3, the regional programme—financially dependent on licence fees, shared out according to a complicated formula based on audience and quality ratings, and a fixed proportion of advertising revenue, the President hoped to stimulate competition and to improve the artistic quality and technical standards of programmes.

In certain important respects the reform has been successful. Freed from the heavy hand of a supreme commander whose own freedom of action was inhibited by the permanent suspension over his head of the Government guillotine and daily telephone calls from the Minister of Information, the channels have certainly become more independent and have developed their own identity.

The continuing complaints by the left-wing opposition parties that their views are not given a fair hearing are less than justified.

Quality

Any judgment about the quality of French TV today depends very much on what standards are employed and account must clearly be taken of differences in national tastes. To a foreign observer, the French are often guilty of mistaking gimmickry for genuine artistic originality. Moreover, the interminable discussion programmes on political, scientific and literary subjects, which are served up daily on at least two channels, however interesting to a limited audience, would strike horror into the heart of a professional TV producer in Britain, the U.S. or West Germany.

The fall in French TV audiences by more than 12 per cent over the past year or so says much about the failure of French producers to master the medium and also partly explains the very high proportion of foreign material used by the three channels — nearly 70 per cent compared with 20 per cent in Britain.

American and British serials such as "Kojak," "Starsky and Hutch," "The Avengers," and "I, Claudius," are almost as popular in France as they were in their countries of origin. It is all very well for French politicians to criticise the low quality of foreign imports, which, like hamburgers and jeans, are said to undermine the French cultural tradition, but these are what a large proportion of viewers seem to like.

What is more, the foreign imports are generally cheaper than home-made products, not the least consideration for a harassed management which is desperately trying to make ends meet. For what has really set the cat among the pigeons is the financial disaster which has overtaken the restructured monster collectively and the SFP in particular.

A report presented to the National Assembly last month by M. Joel Le Tac, the Gaullist *rapporteur* of a special committee on radio and TV finances, dramatically underlined the extent to which the 1974 reform has failed commercially and financially. Whereas the old and much-maligned ORTF managed to make an operating profit of nearly FFr 40m (about £4.8m) in the last year of its existence, the joint deficit of the seven new companies last year came to FFr 65m.

The three channels, it is true, more or less broke even, and Radio France made a small profit, but the SFP production company alone had a cumulative deficit of FFr 122.7m in the three years from 1975 to 1977, not counting some FFr 200m of state subsidies which were poured into it.

Far from making the cuts in costs which could normally be expected from organisations in a competitive climate which were supposed to stand on their own feet, the trend has been in the opposite direction. Administrative costs have risen by more than 80 per cent in the last four years, compared with those of the ORTF, and nothing has been done about the problem of over-staffing for which the old organisation had been so heavily criticised.

Employees of the ORTF who feared massive dismissals need not have worried. The seven new organisations now employ 13,400 people, some 700 more than the ORTF and the number of journalists alone has gone up by 20 per cent between 1975 and 1978 from 938 to 1,126.

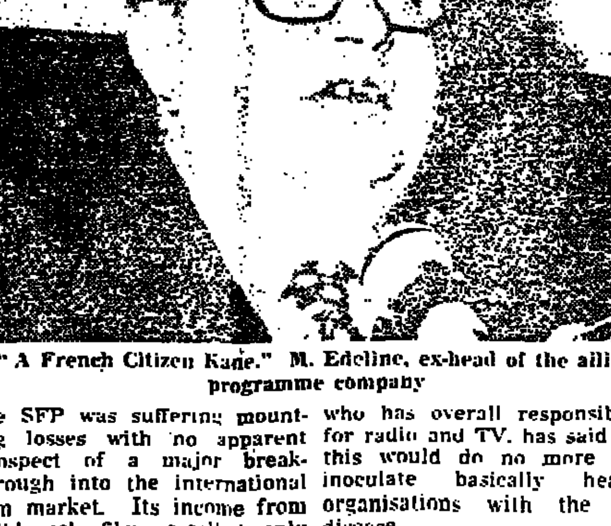
The SFP, not surprisingly given its huge shortfall, was a special target for M. Le Tac's criticisms, with the sharpest barbs reserved for its president, M. Jean-Charles Edeline, a 19-stone cigar-smoking film tycoon, who has since gone to hospital with a breakdown.

M. Edeline, a kind of French Citizen Kane, was very much a Giscard appointee. The dynamism and business acumen of this peasant's son, who started his working life as the manager of a cinema in Versailles—a wedding present from his wife—was much admired by the aristocratic President. As long ago as 1970, when M. Giscard d'Estaing was still Finance Minister, he sold to M. Edeline on behalf of the State a film production company, UGC, created by the Germans during the World War II and nationalised after the liberation, for a comparatively modest sum.

Profit-making

The ailing company was quickly turned by M. Edeline into a huge profit-making organisation. With several prestigious cinemas in Paris and some 600 in the provinces, UGC rivalled the other giants in the field, Gaumont and Pathe, which had once refused to supply him with films when he was a humble cinema manager.

Such a man was bound to think big. But his projects were clearly over-ambitious given the suffocating framework within which he had to work. As M. Le Tac pointed out in his report: "Who has ever heard of a private company (albeit with state capital), whose first concern should be profitability, finding itself under the obligation to continue employing the entire staff, as well as maintaining all the old buildings and equipment, which it has inherited?" The remark by the Gaullist MP was clearly aimed straight at President Giscard, who had saddled M. Edeline with an almost impossible task.



"A French Citizen Kane." M. Edeline, ex-head of the ailing programme company

The task was made all the more difficult by the fact that SFP's only assured income—from programmes sold to the 3 TV channels—was bound to fall rapidly, given the channels' preference for employing private companies to make their films. Under the rules laid down when the new organisation came into effect, the channels were obliged to buy some of their programmes from SFP, but on a declining scale. In 1976 their purchases had to represent 75 per cent of the production company's turnover, falling to 60 per cent in 1977, 45 per cent in 1978, 30 per cent in 1979 and 0 per cent in 1980. In other 0 per cent in 1980.

With this in mind, M. Edeline embarked on a number of wildly expensive projects which greatly over-estimated the potential market for the SFP's products, particularly for full-length films. Confusing the TV studios at Buttes-Chaumont with the Chateau of Versailles, in the words of M. Le Tac, M. Edeline planned to create a grandiose European "Cinecitta" at Bry-sur-Marne, near Paris, with a loan of FFr 150m graciously provided by the State-controlled Caisse des Depots.

All this was going on while the SFP was suffering mounting losses with no apparent prospect of a major breakthrough into the international film market. Its income from full-length films totalled only FFr 9m between 1975 and 1978, compared with an outlay on the production of 28 full-length films during the same period of FFr 29m.

One of the solutions proposed by M. Le Tac to this drastic state of affairs is that a clear distinction should be made between the SFP's TV programme and commercial film-making activities, with the latter to be hived off to a subsidiary which would be run as a private company. Another of his committee's suggestions is that the three TV channels should be more closely associated with the production company, by the transfer of half SFP's capital to them.

Understandably, this proposal has not won M. Le Tac any new friends in the channels which do not see why they should be associated financially with a loss-making organisation with which they have become increasingly disillusioned. Nor has the proposal found any favour with the Government. M. Jean-Pierre Lecat, the Minister of Culture and Communication, who has overall responsibility for radio and TV, has said that this would do no more than inoculate basically healthy organisations with the SFP disease.

Meanwhile the Government has refused to be rushed into taking a decision. It has appointed a new interim president of the production company, 47-year-old Bertrand Labrusse, to succeed the ailing M. Edeline and has given him six weeks to prepare a report containing his suggestions. A senior civil servant, who has sat on the Board of SFP since 1975, M. Labrusse should know the dossier. But does he know the answers?

No doubt, one of M. Labrusse's first proposals will be to sell off some of the prestigious property acquired by his predecessor in his abortive bid to make France the new Hollywood. He may also decide to slim down his company's staff by early retirements compensation payments and all the other devices used by countries where it is virtually impossible to sack employees normally.

But where the ultimate solution lies—short of making the three channels entirely responsible for their own productions—is anybody's guess.

Letters to the Editor

Transport policy

From the St. Ives Constituency Organiser, Social Democrat Party

Sir,—Transport policy, for the last 30 years a matter for great debate and interest, has for a long period been based on the free availability of cheap oil fuel. This cheap oil is now coming to the end and the policies that have been based on this oil must now be reconsidered. That there are people around who do not appear to realise that the circumstances are changing is clearly illustrated by the letter from Mr. N. Seymer (November 9).

With the end of cheap oil in the near future and the end of all oil supplies likely by the end of the century we should now be involved in investigating possible new fuels or alternative transport medias. Thus the appearance of a letter signed by both British Rail and the British Road Federation (October 31) is a sign that should be welcomed.

The response however, seemed to be that we should be converting rail to road and where a rail scheme is envisaged it should automatically be converted to a road. This policy is contrary to the policy that I believe will be adopted in the near future.

This future policy will be increasingly taken up when the increasing cost of oil based fuel and the non availability of a suitable alternative cause a decrease in the importance of road traffic. The reduction of road traffic will either cause a reduction in the mobility of the individual, or as is more likely, cause a change towards transport media not so dependent on oil fuels.

This will mean a return to rail-based systems. In London it will mean that lines like the Jubilee Line will become as important as the existing lines and in rural areas it could mean a re-opening of lines closed in the 1960s. Thus the policy of putting all our transportation eggs in the road basket will finally be accepted as being shortsighted.

C. M. Tankard,
Plot 93, Porleven Estate, Porthleven, Helston, Cornwall.

A simplified tax system

From Mr. A. Mills

Sir,—The case for tax reform has never been stronger (your leader November 8) but surely the key to it is first and foremost simplification?

For instance, as a start, tax considerations would become much clearer if: the tax year was identified with the calender year; all accounting for tax was on an actual calender year basis: all organisations from nationalised industries to sole traders prepared their accounts to December 31, published their accounts by the following March 31 and resolved and paid all tax due by the following June 30; corporation tax at say 20 per cent was paid on the audited operating profit of companies published in their statutory accounts; there was a small turnover tax of say [illegible] per cent; personal allowances were always rounded to the nearest £100; and there were at the most two tax rates for individuals, say 30 per cent up to £20,000 and 70 per cent on income above £20,000, plus say a 20 per cent surcharge on unearned income.

The consequences of a simple tax system would be that: we would all understand it and it would therefore become equitable; above everything else it is the complexity of the system that makes it inequitable; the distribution of the burden of taxes would be clear; the effects of raising or lowering a particular tax would be clear; the tax experts and inspectors currently engaged in non-productive work, would start using their undoubted intelligence to actually create wealth; a great deal of public money would be saved from inefficient use; and self assessment linked to computerisation and a further reduction in costs would be easy to implement.

My guess is that there are millions of people, some even in the civil service, who would like to see the tax system simplified and the creation of wealth, not merely the spending of it, being once again the prime reason for work.

Alan Mills,
24, Fitzjohns Avenue, Hampstead NW3.

Stored energy

From the General Manager, Chloride Silent Power

Sir,—I have just read the letter from Mr. N. Jenkins (November 6) in which he commented on the grant of £1.9m to my company, towards the development of the sodium sulphur battery. I am not qualified to assess whether or not the Government should also support studies of CHP (combined heat and power) however, I do feel that certain technical errors in his letter should be corrected.

Mr. Jenkins is correct in stating that the sodium sulphur battery needs to be kept at a temperature around 300 degrees C for its satisfactory operation. His error is to assume that it requires a considerable heat input to maintain this temperature. In fact, the battery is contained in an insulated box.

We can, by varying the thickness of the insulation, design the battery to maintain its temperature for very long periods without any heat input. In practice of course, since the amount of energy we can store on an electric vehicle is volume restricted, we must compromise between insulation thicknes and heat loss. In our case, we have compromised on a design which allows the battery to stand without use or charging for 48 hours and still be immediately operational. Putting numbers to this, the heat loss from a battery designed to power a parcel delivery van is approximately 1 kW.

It is easier in fact to maintain the temperature of a battery while it is operating out on the road than when it is at base. The normal electrical losses are sufficient to do this without any external source of heat. Under the more arduous duties we will have to provide some cooling.

I should also like to point out that both the thickness of insulation and the electrical losses have been taken into account in the claim that sodium sulphur batteries can provide three times as much energy storage/range as lead-acid batteries.

B. Halliwell.
Davy Road, Astmoor, Runcorn, Cheshire.

Battery power

From Dr. M. I. Gillibrand

Sir,—The letter (November 6) from Mr. Jenkins identifies the need for more information on the sodium sulphur battery so that comparison can be made with other projects competing for public funds. This would also enable an evaluation to be made in relation to other systems which might meet the needs of electric road transport.

For my part, I have always considered that a secondary battery would be feasible for short journey applications such as local deliveries and shopping. For applications on routes of longer duration and higher speeds, however, the approach of seeking a solution by developing a higher energy secondary battery seems to be self-defeating since the problems of recharging the extra energy in the charging cycle multiply as greater energy per unit weight of the battery is achieved. In my opinion the further development of a primary battery of the fuel cell type, which had been demonstrated in traction and other applications around 1970, is by far the most promising alternative.

Although I might not necessarily agree with Mr. Jenkins' alternative claims on public funds, I think we might share the view that there is a need for disclosure of more information. The sodium sulphur battery has been developed jointly by the Electricity Council and the Chloride Group. Shareholders in the company have been assured that "Most of the basic research and production engineering problems have been overcome and field trials of a battery fitted to a road vehicle are scheduled to start before the end of 1978." (Annual report, March 31, 1978). Clearly the company could make a demonstration of this vehicle available to the public so as to justify the use of public funds on the project. At the same time, this would be of considerable assistance in allowing a realistic comparison to be made of the two very different alternatives advocated by Mr. Jenkins or myself.

(Dr.) M. I. Gillibrand,
7, Rutland Road, Ellesmere Park, Eccles, Manchester.

Increasing the dog licence

From the Secretary Pro-Dogs.

Sir,—The League for Canine Control (Men and Matters November 9) opens with a predictable cry: "Raise the licence fee."

Certainly something should be done about the dog licence. It doesn't make good housekeeping to have the whole of the revenue collected eaten up by the cost of collection. It is estimated that even at today's modest rate of 37½p, half the dog owners do not buy a licence, so how many are going to buy one if the cost is increased many times? The working party report on dogs, published in 1976, accepts that if the licence fee is raised to £5 it can expect up to 40 per cent of dog owners to continue to evade purchase—even with a warden service empowered to inspect licences on demand and a compulsory dog identity disc system. It is a fair bet that in that same 40 per cent to 50 per cent the "latch-key" owner who causes most of the problems will be found.

The whole of the burden of providing a warden service out of the higher dog licence revenue will therefore fall on the responsible owner who buys his licence and has not made the provision of such a service necessary. If the community needs wardens surely the community should pay. Local authorities have had power to employ dog wardens since 1972, and over 100 are already employed. Where the need is greatest, means have already been found.

The danger in a sudden steep increase in the dog licence, is that it is likely to be matched by a sudden increase in the number of dogs abandoned, with further pressures on those with the unhappy job of destroying the ever-waiting queue of innocent and reluctant victims.

You don't need a licence to keep a horse, donkey, cat or any other domestic animal, so why make the dog an exception? France has abolished the dog licence. It is surely time that the UK cut the cost of collection at a stroke—by getting rid of it at once.

Certainly there are problems regarding the dog in society at the present time, but why do we turn to legislation as the solution to any and every problem? The statute books are over-flowing, and unenforceable laws a waste of time. Our slogan is "Education is better than legislation."

Lesley Scott Ordish
Arden House, Holt Wood, Aylesford, Kent.

Performing rights

From the General Manager, The Performing Right Society

Sir,—Your report (November 7) on the decision of the Office of Fair Trading (a) not to refer the agreements between the Performing Right Society and its members to the Monopolies Commission, but (b) to place them on the Register of Restrictive Practices, was inaccurate in several respects.

The society has never argued that these agreements should not be subject to registration "because of its unique and highly specialised function." Its argument has been based purely on the legal advice it has received that the agreements in question are not agreements for the provision of "services" within the meaning of the relevant legislation. The society has not "withdrawn its objections" to the agreements being placed on the register but has not actively opposed the OFT's decision to do this because it has been advised that its position, and (more importantly) that of its members, would not thereby be prejudiced.

Neither is it the case that the agreements in question concern "the provision of writing or composing services to parties other than the society." Members of the society are entirely free to write or compose for whom they will: the society's sole function is to administer some (but not all) of the rights they enjoy under copyright legislation.

M. J. Freegard,
29-33, Berners Street, W1.

New Zealand's trade

From the High Commissioner, New Zealand High Commission

Sir,—The British fishing industry received support from an unexpected quarter in the letter from Mr. J. D. Owens, of the Dairy Trade Federation (November 7). That, at least, was the initial impression; but regrettably it soon became clear that Mr. Owens' principal purpose was to use the fisheries issue as a reason why Britain should not seek continued access for New Zealand butter after 1980.

It is the Federation's job to work in support of the British dairy industry but I would wish that any reference it might make to New Zealand's role in the dairy market would accurately reflect the facts. Regrettably Mr. Owens' recent letter did not do so and indeed his whole argument was based on an unfounded assertion. Mr. Owens declared that "New Zealand . . . recently allowed access for Japan to its own territorial waters in return for a sale to that country of a very large quantity of dairy products." The inference we were invited to take was that New Zealand did not need access for butter to the UK beyond 1980.

In fact what New Zealand has allowed Japan, as the largest traditional foreign fisher in our waters, is access to New Zealand's 200-mile exclusive economic zone (the EEZ is, of course, different from our 12-mile territorial sea from which Japanese fishing vessels are excluded). In exchange for this fisheries access, the New Zealand Government has reached certain understandings with the Japanese Government about improved marketing opportunities in Japan for a range of New Zealand's agricultural products.

The Japanese Minister of Agriculture, Mr. Nakagawa, has acknowledged that New Zealand is a highly efficient producer of meat and dairy products and that exports of them are of critical importance to the New Zealand economy. He has also taken note of the fact that New Zealand's dairy exports are not subsidised and expressed the view that New Zealand is the most important and most reliable supplier of dairy products, and that when the Japanese monopoly importer of butter and skim milk powder, the LIPC, as a state trading organisation, needed to import either of those products, it would take account of these considerations.

It is, however, quite incorrect to say, as Mr. Owens alleged in his letter, that there has been a sale to Japan of "a very large quantity of dairy products." Indeed, at present, New Zealand is not making any sales of butter to Japan. If it were opened up the Japanese internal market could not in any event provide a viable *alternative* for the quantities of butter New Zealand is permitted by the European Community to export to Britain (totalling 115,000 tonnes in the year 1980). Despite our continuing efforts to diversify we will continue to depend heavily beyond 1980 on our traditional British market for our butter exports which are vital to our dairy industry and the whole New Zealand economy.

(Sir) Douglas Carter.
New Zealand House, Haymarket, SW1.

Farming incomes

From the Co-ordinating Director of Economics and Europe, The National Farmers Union

Sir,—Your report (October 30) of the recent survey of EEC farm policy by Agra-Europe gives a completely misleading impression of European farming incomes. It implies that EEC farmers enjoy, on average, an income which is about three times that of the average wage in each member country.

A more thorough examination of the report itself shows this statement to be based on income data for farms of over 50 hectares. This immediately excludes the vast majority of EEC farms and, in fact, the figures in the report are drawn from an EEC survey which the Commission itself agrees is not representative. A proper comparison of farm incomes in the Community would show that they have continuously lagged far behind those obtained elsewhere.

It is notoriously difficult to compare farm and non-farm incomes. But, if one is to attempt a comparison, then allowing for a return of only 10 per cent on tenants capital, the average UK farm income in 1977 amounted to only £3,500 a figure not significantly different from the average national wage. From this, however, the farmer, unlike most wage earners, had to find funds for new investment.

M. P. Strauss.
Agriculture House, Knightsbridge SW1.

Today's Events

GENERAL

President Eanes of Portugal meets the Prime Minister at Downing Street; attends City of London banquet, Guildhall.

Russian Foreign Relations Department in UK issues statement on Soviet shipping policy.

Representatives from Consultative Shipping Group countries meet U.S. delegation in London to discuss liner trade (until November 17).

GATT negotiations start in Geneva.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (October); monthly index of average earnings (September); cyclical indicators for the UK economy (October).

PARLIAMENTARY BUSINESS

House of Commons: Debate on motion to take note of developments in the EEC, January to June 1978: Motion on EEC document on mutual assistance.

House of Lords: Debate on the growth of Quangos (quasi-autonomous non-governmental organisations).

Select committee — European legislation. Subject: European studies, language tuition and student admission to higher education. Witness: Mrs Shirley Williams, Education Secretary (Room 15, 4 15).

COMPANY RESULTS

Final dividends: Peachey Property Corporation. Interim dividends: Alida Packaging Group; Beecham Group; Brown Shipley Holdings; Chamberlin and Hill; Charter Consolidated; Chloride Group; David Dixon and Son (Holdings); East Midland Allied Press; Keyser Ullman Holdings; London Prudential Investment Trust; Warner Holidays; Wight Construction Holdings. Interim figures: General Accident Fire and Life Assurance Company; Kuala Selangor Rubber Company; F. W. Woolworth and Co.

COMPANY MEETINGS

Highland Electronics, 8, Old Steine, Brighton, 12; London and Strathclyde Trust, 2, St Mary Axe, EC, 12.30; Sanderson Murray and Elder, Victoria Hotel, Bridge Street, Bradford, 12.15; Scholes (GH), Wylex Works, Manchester, 12; South Wallis, Midland Hotel, New Street, Birmingham, 12.

COMPANY NEWS + COMMENT

Second half recovery lifts Smiths Inds.

A SECOND-HALF profit of £14.59m against £10.95m at Smiths Industries lifted the group, from its mid-term setback, to peak taxable profits of £22.09m for the 53 weeks ended July 5 1978 compared with the previous year's £20.51m. Turnover rose by over £30m from £224.1m to £254.7m, and trading profits improved from £21.60m to £24.13m.

At the interim stage trading profits, at £8.37m (£9.97m), had been adversely affected to the tune of some £2.5m by industrial disputes within the aviation division and by disruption in the vehicle industry generally.

However, during the second half turnover and trading profits were 17 per cent and 25 per cent higher than the latter half of the 1976-77 year and trading profit margins were 11.3 per cent of turnover, the directors state.

Stated earnings are shown as 33.5p per 50p share against 28p and the dividend for the period is stepped up to 8.0924p (7.2469p) net with a final payment of 4.8071p.

	1977-78 £000	1976-77 £000
Turnover	254,750	224,070
To industries	120,450	112,150
Vehicle manufacturing	28,750	27,150
Aerospace	22,250	31,700
Marine	14,750	14,000
Other industries	47,700	34,300
Through distrib. trades*	73,100	70,200
Overseas subsidiaries	56,350	46,100
Less internal sales	6,150	5,400
Depreciation	3,022	2,798
Trading profit	24,131	21,637
To industries	12,515	11,314
Vehicle manufacturing	2,198	[illegible]
Aerospace	2,011	[illegible]
Marine	1,115	630
Other industries	6,991	4,706
Through dist. trades	5,794	7,200
Overseas subsidiaries	[illegible]	[illegible]
Interest	2,014	1,132
Profit before tax	22,087	20,505
Tax	6,116	7,197
Net profit	15,971	13,308
Minorities	152	197
Extraordinary debit	171	235
Leaving	15,627	12,770
Dividends	3,510	3,403

* Includes wholesale and retail activities together with home and export business in vehicle spares and service, car radios, clocks, watches, antifreeze and spark plugs.

Over the year as a whole most activities improved both turnover and profit particularly the marine, medical, ceramics, rubber and hydraulics business and distribution generally.

The losses incurred by the clock company in recent years were arrested by the half year.

Overseas, results of the Australian subsidiaries were lower than in 1977 but can be considered satisfactory in the context of a depressed economy, the directors state.

The tax charge is on the SSAP 15 basis: full allowance has been taken for stock appreciation relief and capital allowances which have reduced the tax charge by £4.5m (£2.9m) as compared with the previous basis of providing for deferred tax.

Borrowings at the year-end were equivalent to 15.5 per cent of total funds employed.

See Lex

HIGHLIGHTS

Despite a 22 per cent fall at the half-way stage Smith Industries has turned in an 8 per cent gain for the full year thanks to the special engineering division and a promising recovery on the aerospace side, after the strike-torn first six months. Akzo's third quarter figures confirm the continuing recovery in the European chemical industry. Lex also takes a look at the market after one of the best days for over a year. Elsewhere first half profits at W. H. Smith are little changed after allowing for the depreciation of freehold property which has been made for the first time. A 42 per cent increase in interim profits at Land Securities was in line with market estimates but there are hopes of a substantial increase in the dividend. LCP has done well to turn in profits 20 per cent higher excluding acquisitions while Sketchley is showing strong volume gains in dry cleaning.

Advance Laundries just ahead

ON TURNOVER of £12.45m compared with £11.17m, pre-tax profits of Advance Laundries showed a marginal rise from £1.75m to £1.78m in the first half of 1978.

Stated earnings per 10p share moved ahead from 1.9p to 2.02p and the interim dividend is held at 0.3p net. There is also to be a supplementary payment of 0.0235p in respect of the reduction in ACT. This brings last year's total to 1.89901p on profits of £3.35m.

Profit for the half year is subject to tax of £924,325 (£897,609) and minorities amounted to £246,954 (£256,483).

Advance for LCP in first half

A SIGNIFICANT ADVANCE in trading performance by LCP Holdings in the first half year ended September 30, 1978, has resulted in higher turnover of £84.24m against £63.44m and pre-tax profits of £2.81m compared with £2.11m.

However, against the background of industrial and economic uncertainty, it will be difficult to increase profitability in the second six months, the directors say, but they will make every effort to strengthen and improve the trading pattern.

Pre-tax earnings per share are shown at 10.6p (8.7p) and 7.2p against 6.3p net. The interim dividend is stepped up from 2p to 2.3p—last year's total was 4.79p from pre-tax profits of £4.22m.

	Six months 1978 £000	1977 £000
Turnover	84,237	63,441
Trading profit	3,977	2,915
Property profit	1,105	921
Merchanting and Mftrg.	2,872	2,094
Interest payable	1,171	806
Profit before tax	2,806	2,109
Tax	887	593
Net profit	1,919	1,516

The directors say all divisions improved their performance over the comparable period last year, with the exception of the engineering—full order levels are retained there but production has been severely affected by disruption within the motor industry.

The group's construction companies are operating satisfactorily and full production from the new tunnel kiln has increased the profitability of the brick-making operations, the directors report.

The vehicle distribution division achieved record profits but performance is now suffering through the inadequate availability of vehicles, spares and accessories. Sales in homecentres benefited from the improvement in consumer disposable incomes and by the opening of four new stores.

The recession within the metal industry has continued, but despite strong pressure on margins, the metals division achieved satisfactory profits. The fuel distribution operations maintained their market position and the builders' merchanting activities were extended.

The demand for new industrial buildings on trading estates at Pensnett, Stourbridge and Willenhall continued at a high level

● comment

Although taxable profits at LCP are up by a third, growth without acquisitions is nearer 20 per cent. This is slightly better than expected though the comparable six months suffered severe motor industry disruption while consumer spending was, by contrast, depressed. This time motor distribution (about 30 per cent of profits) led the way with August's record level of registrations providing an extra boost. Homecentres almost doubled their contribution while rental income continues to roll in and forms a solid base for the group. Troubles at Ford and Leyland, however, cast a shadow over the second half. While motor dealers can keep going with spares and second-hand sales, LCP's seat mechanism operation immediately grinds to a halt. The other worrying factor, in view of high borrowings, is the increased level of interest rates. Nevertheless, with the help of June's rights issue, gearing should be down to roughly 60 per cent by the end of the year, while profits of around £5.4m (£4.2m) still seem likely. At 90p the shares are on a fully taxed p/e of 10.2 and a yield of almost 9 per cent.

Trevor Humphries

Mr. John Young, chairman of Young and Co's Brewery, who reports an increase in first half profit

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Advance Laundries	int.	0.3	Jan. 2	0.3	—	1.9§
Arbuthnot Latham	int.	3.85	Jan. 2	3.85	—	10.85
Clyde Blowers		3.23	Jan. 4	2.8	4.05	3.63
Control Secs.	int.	0.3	Jan. 12	Nil	—	0.83
J. Foster	int.	1	Jan. 10	Nil	—	2.5
John Foster	int.	1	—	Nil	—	2.5
GEI Intl.	int.	1.6	Jan. 23	1.46	—	4.15
Globe Trust	int.	2.5	Jan. 31	—	—	5
HAT	int.	0.83	Feb. 27	0.75*	—	1.51*
JCEG		Nil	—	Nil	Nil	0.45
Land Securities	int.	1.5	Dec. 18	1.5	—	3.372‡
LCP	int.	2.3	Jan. 5	2	—	4.79
J. N. Nichols	int.	2.75	Jan. 11	2.5	—	5.25
Northern Goldsmith	int.	0.85	Jan. 22	0.85	—	2.09
Sketchley	int.	2.27	Jan. 4	1.75	—	4.63
W. H. Smith	int.	0.77	Jan. 20	0.71*	—	2.2*¶
Smiths Inds.		4.81	Jan. 2	4.26	8.09	7.25
Young and Co's	int.	1.7	Dec. 8	1.6	—	3.18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights or acquisition issues. ‡ Includes supplementary 0.05772p. § Includes supplementary 0.0235p. ¶ Includes supplementary 0.0226p

ISSUE NEWS

John Foster raising £0.62m: sees £0.84m

SPINNERS AND weavers, John Foster and Son, is raising around £615,000 net by the issue of 722,168 new ordinary 25p shares at 45p each to Equity Capital for Industry and by way of rights of another 722,168 new Ordinary 25p shares at 45p each, on a one-for-eight basis. This compares with a market price of 43p yesterday.

Since the issue has been underwritten by ECI, Foster is getting a higher price than would otherwise be obtainable through a conventional rights issue.

A spokesman for the company said last night that rather than doing a straight placing with ECI, Foster was giving shareholders the opportunity of participating on the same basis.

The directors also forecast that pre-tax profits for the full year to March 2, 1979, will not be materially different from 1977-78's £838,505, on which a dividend of 2.5p net was paid. The spokesman explained that while exports (more than half of group sales) were expected to show further growth, the home market for top-quality mohair and worsted cloth was flat.

The directors state that in view of the group's increased turnover and planned investment of about £750,000 in new plant and the modernisation of buildings at Queensbury, they consider it appropriate that a proportion of the total funds required should be raised by an issue of new capital.

The proceeds will be used to modernise the mohair combing plant.

Current UK borrowings stand at around £2m, compared with £2m at March 3, 1978. To implement the proposed issues, an extraordinary meeting will be asked on December 8 to approve an increase in the authorised capital from £2.3m to £2.8m by the creation of 2m additional Ordinary 25p shares.

Meanwhile, Foster's first half results show a pre-tax profit of £42,164, compared with a loss of £126,780 last time.

Stated earnings are 0.1p per share. A net interim dividend of 1p is being paid for the first time in four years. The directors propose to pay a final of 1.5p on the increased capital.

Minimum £0.45m forecast by Andrew Findlay

THE DIRECTORS of Andrew R. Findlay Group, the Glasgow-based tool and hardware distribution company, are forecasting pre-tax profits of not less than £0.45m for 1978. For the previous two years profits have been virtually unchanged at £0.44m.

The current year forecast, contained in a document giving details of the planned £0.8m rights issue of preference shares, is based on the assumption that gross margins will be in line with past experience and that there will be no material adverse effect from industrial disputes or changes in the economic fortunes of suppliers and customers.

In addition, the forecast is dependent on a five per cent rise in volume sales over much of the group with a "substantial" increase at Andrew R. Findlay of Manchester.

On November 2 the company announced a plan to raise the cash by way of a rights issue of 600,000 new eight per cent convertible cumulative redeemable preference shares of £1 each on a one-for-10 basis at £1 per share, and by way of a convertible loan of £200,000.

The rights issue has been underwritten by Equity Capital for Industry.

As part of the financing arrangements, the Findlay family have entered into agreements with ECI as to the sale of their rights to 242,850 (40.5 per cent) of the convertible preference shares being issued.

The ordinary shares arising from conversion, together with the ordinary shares arising on full conversion of the convertible loan, would result in ECI obtaining an eventual minimum holding of 12 per cent in the company.

The balance of the family's entitlement of 76,908 preference shares will be taken up by the family and in addition Dawnay Day group's subsidiary intend to take up its rights in respect of all the 89,802 preference shares to which it will become entitled.

The directors of Findlay say they will vote in favour in respect of their own beneficial holdings of 1,624,128 shares (27.07 per cent).

An extraordinary meeting to approve the necessary resolutions will be held on December 7.

YEARLINGS UNCHANGED

The coupon rate on this week's local authority yearlings bonds is unchanged at 11¾ per cent. They are issued at par and are due on November 21, 1979.

The issues are: Kingswood District Council (£0.25m), North Devon District Council (£0.5m), North Hertfordshire District Council (£0.5m), Northavon District Council (£0.25m), Strathclyde Regional Council (£1m), Walsall Metropolitan Borough Council (£2m), London Borough of Barnet (£1m), City of Newcastle upon Tyne (£1m), City of Liverpool (£1m), London Borough of Hounslow (£0.5m), Borough of Thamesdown (£0.5m), West Yorkshire Metropolitan County Council (£0.75m) and City of Wrekin (£0.5m).

Boothferry District Council is issuing £0.25m by way of four-year negotiable bonds at a rate of 12¾ per cent. Issued at par, they are due on November 10, 1982.

JCEG deficit: discrepancies found

Construction equipment group J.C.E.G. has drifted further into loss in its last financial year, to March 31, 1978. A pre-tax deficit of £123,882 is reported in the preliminary figures for the year, compared with a loss of £47,004 for the corresponding period.

Moreover, discrepancies of £75,216 have been discovered by the group's auditors in a Scottish subsidiary and the accounts when they appear shortly are likely to be qualified by the auditors. No final dividend is declared.

J.C.E.G. says that positive steps have been taken to correct the discrepancies which have been disclosed by the group's auditors, Burne Phillips. But "to ensure that satisfactory procedures are enforced in the future," the company "is consulting its legal advisers over possible courses of action available to it in the light of the auditors' comments."

No explanation was forthcoming from the company yesterday on how the discrepancies have arisen.

And Carrick Kerr and Co., former auditor to the Scottish subsidiary, Johnson Machinery, expressed surprise at the discrepancies. Carrick Kerr resigned as auditors to the subsidiary in early October "purely due to the pressure of business" on their other auditing work. At the time of their resignation, they explained yesterday, they were not aware of the existence of any discrepancies.

JCEG said yesterday that the weakness in certain accounting procedures at Johnson Machinery was corrected immediately on discovery by the group auditors.

On the trading front the group reported that the first improvement in the manufacturing activities began in October, 1977. But a number of adverse factors in the last six months, including a prolonged dispute at a factory on an important component supplier supplier prevented an anticipated return to profitability.

Among plant hire activities, the largest company, Trinity Plant Hire, returned to profit and is reported to be showing substantial progress in the current year. But plant hire activities in Scotland were severely depressed throughout the year accounting for about half the group's trading loss.

However, the opening months of the current year show an upward trend in plant hire sales and an improvement in deliveries of new products. Overall trading is profitable so far.

Legal and General adds open market option

Legal and General Assurance Society, the second largest life company in the UK, is the latest life company to announce that it will add the open market option on all its self-employed pension plans. This option allows the investor at the time of retirement to take the cash value of his pension with L & G and use it to buy a pension with another life company. There will be no penalty imposed for the option, the full value will be transferred.

However, L & G is the first major life company which still operates the old deferred annuity type of scheme to make this announcement. Under this type of plan the investor buys a basic guaranteed amount of pension each year to which is added bonus pensions arising from the investment performance. So under this scheme the investor is aiming at a pension target. The new type scheme is simply to accumulate a cash fund which at retirement is used to buy a pension and the target is maximum investment performance.

Under a cash accumulation system the cash sum available at retirement is already determined on past investment performance. But under a deferred annuity, the cash value of the pension payments would be fixed by the company actuary depending on both mortality and his future view of investment returns.

Legal and General use special pension annuity rates, rather than ordinary immediate annuity rates, in determining the pension levels. These rates reflect the lower expenses involved compared with immediate annuities.

The company does not expect many self-employed to take advantage of this option. Its experience of executive pension schemes, where an open market option has been available for several years is that very little switching takes place.

Clyde Blowers profits rise

Profits of Clyde Blowers increased from £329,196 to £357,448 in the year ended August 31, 1978, before tax of £166,968 against £157,843.

The final dividend is 3.22875p raising the total from 3.6318p to 3.22875p. The group makes soot blowing equipment, valves and controls for land and marine boilers.

J. Nichols sees peak for year

THE DIRECTORS of J. N. Nichols (Vimto), mineral water manufacturer, report a jump in taxable profits for the half year to September 30, 1978, from £367,232 to £658,006 on turnover ahead from £2.86m to £3.55m. Profit for the whole of the previous year was a record £782,062.

The directors feel that trading should continue on a similar basis for the second half, and that final figures will be satisfactory.

An interim dividend of 2.75p net per 25p share has been declared, against 2.5p last time—last year's final payment was 2.75p.

Profits included £31,843 from the sale of fixed assets compared with £225, and were subject to a tax charge of £313,159 (£157,747); net profit came out at £344,847 (£209,485).

Oceanic and Marine Midland joint financing

Oceanic Finance Corporation of Bermuda and the London branch of Marine Midland Bank, have arranged a U.S.$12.5m financing for the acquisition of two 30,000 dwt product carriers, the Dona Evgenia, and the Dona Ourania.

The two ships are being acquired by two Liberian companies, Baltusrol Shipping Corporation and Carnoustie Shipping Corporation and will join the fleet of a major Greek shipowner.

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Member FDIC

Officers in Morgan's Treasurer's Division meet daily in New York to set money-management strategies. From left are: Raphael de la Gueronniere; Dennis Weatherstone, head of the division; Myron Taylor, Rene Branch; Donald Riefler, Amos Beason; Kurt Viermetz.

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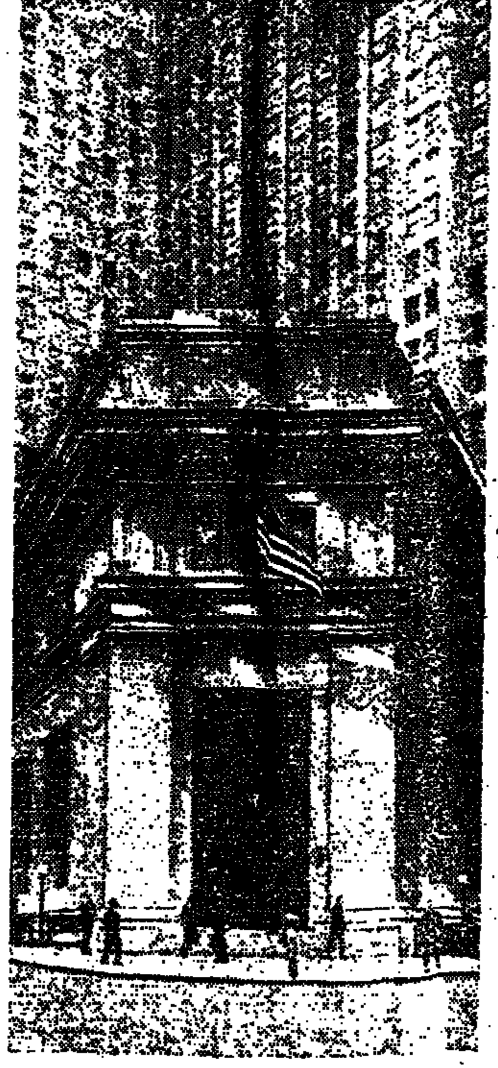

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The Morgan Bank

Land Securities jumps by £3.4m at midway

TOTAL INCOME of Land Securities Investment Trust rose from £31.02m to £34.65m in the half year ended September 30, 1978, and the pre-tax figure came through *£3.4m higher at £11.48m.*

Net rents, less outgoings and expenses, showed a rise from £23.2m to £25.8m including interest receivable on short term funds up from £3.95m to £4.88m. Interest payable requires £14.32m against £15.13m.

After tax of £5.97m (£4.19m) net income amounts to £5.51m compared with £3.88m. Basic earnings per 50p share are stated at 2.67p (2.01p) and fully diluted at 2.68p (2.12p). Basic earnings reflect the issue of some 13.2m ordinary shares on the conversion of loan stocks in September.

Comparative figures have been restated to give effect to the decision to discontinue the transfer from capital reserve in respect of the net outgoings attributable to development properties.

The interim dividend is unchanged at 1.5p and in addition a supplementary final for 1977-78 of 0.05772p is to be paid. Including this latter amount the total for last year was 5.30742p paid from pre-tax income of £18.49m.

The directors state that a forward contract has been effected for the purchase of U.S. dollars to repay the $80m loan in February, 1979. The consequential gain of £1.02m over the liability as at March 31, 1978, is dealt with through capital reserve; for the six months to September 30, 1977, an unrealised gain of £735,000 was similarly dealt with.

● comment

Land Securities' 42 per cent increase in interim pre-tax profits is in line with what the market had been expecting. The figures are of course on the new basis, without any transfers of development interest, and the comparatives have been adjusted. This is the basis on which Land Sit's dividend cover will be calculated. So the hope is that with full year profits in the order of £23-£26m (£18.4m) the company will be taking the opportunity to increase the dividend substantially. The group balance sheet has not been stronger since 1973. Net cash, after buying forward dollars at $1.90 to repay to $80m loan in February, is probably of the order of £45m.

CRELLON HALTS LOSSES

Mr Geoffrey Rose, the recently appointed chairman of Crellon Holdings, said at the AGM that losses at the group had been halted following the problems that had arisen in the group's electrical division.

In the year to April 30, 1978, the group suffered a £913,000 pre-tax loss.

HAT to improve further

REPORTING increased first-half results, the directors of HAT Group say turnover and pre-tax profit for the current year to February 28, 1979 should comfortably exceed last year's figures of £64.36m and £2.09m respectively.

First-half turnover rose £3m to £35m and profits improved from £1.14m to £1.23m before tax of £320,000 against £350,000.

The interim dividend is effectively raised from 0.75p to 0.825p and a maximum permitted total of 1.672p is expected against equal to 1.508p. The group is a specialist sub-contractor to the building industry.

Richardsons Westgarth compensation

The Bank of England announces that in accordance with the Aircraft and Shipbuilding Industries Act, an issue of about £0.94m Treasury 9¾ per cent stock 1981 is being made as compensation due in respect of the unquoted securities of George Clark and Nem, a subsidiary of Richardsons Westgarth.

This follows the announcement on November 1 by the Department of Industry and the stockholders' representative that compensation had been agreed.

The issue of stock will be at the rate of £100 stock per £94¾ compensation.

Growth for Samuel Properties

Viscount Bearsted, chairman of Samuel Properties, says that the company is now deriving the benefits flowing from its period of consolidation and the establishment of firm foundations. Future progress should be on a significant scale.

The group is in a sound financial position and has the management resources and facilities available to continue expansion when appropriate opportunities occur.

In the year ended June 30, 1978, group pre-tax profit increased from £921,756 to £1.43m. The group has initiated a system of annual valuations and a surplus of £2.65m has lifted net asset value per share from 113p to 127p.

Developments in the Midlands with Bryant Holdings, the group's partner, have further progressed and funds totalling £22.25m have been drawn down to October, 1978, by the associated companies under the funding arrangements with the Standard Life Assurance Company.

Young Brewery rises

FOR THE half-year to September 30, 1978, taxable profits of Young and Company's Brewery were ahead from £847,845 to £887,288 on turnover of £9.24m against £8.76m.

The net interim dividend payment is increased from 1.6p to 1.7p per 50p share, last year's final being 1.57786p from record profits of £1.34m.

Profit on the sale of property in the first half came to £1.675 compared with £43,268 last time.

Sketchley advances 54% to £2.8m at halftime

INCREASED SALES and profits are announced by Sketchley, industrial workwear, dry cleaning and textile finishing group, for the six months ended September 30, 1978.

Pre-tax profits were up by 54 per cent from £1.8m to £2.75m on sales ahead by 24 per cent to £20.14m. For the previous year sales reached £33.65m and taxable profits a peak £3.66m.

The directors state that it is unlikely that the exceptional rate of progress will be maintained in the second half, but they are confident that results for this period will compare favourably with the £1.86m last time; the group should therefore achieve a substantially improved result for the full year.

	Half year 1978 £000	1977 £000
Sales	20,177	16,198
Depreciation	740	635
Trading profit	2,844	1,927
Interest	79	125
Profit before tax	**2,785**	**1,802**
Tax	1,475	976
Net profit	1,307	826
Minorities	2	7
Extraordinary credits	42	46
Attributable	1,347	865
Preference dividends	3	3
Ordinary dividends	330	224

All divisions contributed towards the good results, the directors state. The mixed weather of last summer, coupled with a real increase in consumer spending, produced record figures in the cleaning division and the industrial division made further progress; its new overall service factory at Basingstoke is now in production, relieving the capacity problems experienced in the division's other factories last year.

The results for the textile division are much improved they add and a small profit was made contrasting with the break-even position at the interim stage last year.

On capital increased by last July's rights issue earnings are shown to be up from an adjusted 6.3p to 9.3p per 25p share, and the net interim dividend is raised from 1.75p to 2.2p—last year's final was 2.93983p.

● comment

A 54 per cent jump in first-half pre-tax profits puts Sketchley within sight of a record £5m full-year figure. The profit growth is coming from both the cleaning division and the industrial services division, plus a small six-figure contribution from the textile division. At the halfway mark last year the textile operations were barely above break even point. For the first time since 1973 the company is seeing a growth in dry cleaning volume. The volume growth comes from a change in fashion away from wholly synthetic fabrics to mixed and natural fibres, which require dry cleaning. Also, an increase in disposable incomes tends to lead to an increase in demand for dry cleaning services, and this has helped the latest figures. Industrial margins have fallen from last year's high of 18.9 per cent to a more normal 16.3 per cent. While the pay dispute is affecting revenue from the £1m a year Ford contract, profits are not being hit to any great extent. The shares closed at 124p yesterday giving a fully taxed prospective p/e of 7.6 and a yield (assuming a 15 per cent increase in dividend) of 6.7 per cent.

Control Securities well ahead

MAINLY REFLECTING activities in property investment, Control Securities reports a turnround from losses of £17,594 to a profit of £32,227 in the half-year ended September 30, 1978. And the Board is confident that second-half profits will be higher than those now reported.

In view of the improved situation, an interim dividend of 0.3p is declared and subject to Treasury consent, it is hoped to pay a total in excess of the single 0.825p paid last year when pre-tax profits were £43,681.

Earnings per 10p share for the first half are shown at 0.71p against a 0.54p loss.

Since the reconstruction in January 1978 and the availability of finance, the group has re-entered the dealing and development market. A number of properties have been acquired and the Board expects the first benefits to show in the six months to March 31, 1979.

In October 1978 the directors acquired slightly over 5 per cent of the shares in Second City Properties, a Birmingham-based public company. The Board is of the opinion that this acquisition will become a valuable part of the group's investments.

The group is a subsidiary of Labofund of Switzerland.

	Six months 1978 £	1977 £
Turnover*	212,093	158,874
Trading profit	49,650	72,319
Interest	77,423	89,912
Profit	32,227	†17,594
Tax	—	—
Extraordinary credits	9,675	‡24,584

* Gross rental income, gross sales proceeds of dealing properties, interest receivable and sundry income (exclusive of VAT where applicable). † Loss. ‡ Debits.

Stoddard sales up so far

COMMENTING ON the business outlook in the current year Sir Robert Maclean, chairman, of Stoddard Holding, said at the AGM that in all the three main areas of group turnover—the UK, other European countries and exports outside Europe—the group's share of total British woven carpet sales had been slowly but steadily rising and that this trend was continuing.

One of the effects of the increasing value of sterling was the higher prices of goods sold abroad, the chairman explained: "fortunately our increase in home sales has more than bridged any export gap." Total sales for the first four months of the current year were up on those of the previous year, he added.

He said that the May 31, 1978, year had been a challenging one for the carpet industry and company profits after tax had dropped from £457,000 to £364,000. Even at this level the maintained dividend would take little more than 30 per cent of profits, he stated, which left almost 70 per cent to be retained in the business to help meet the continuing challenge of inflation and plant modernisation.

"The problems of both inflation and re-equipment must be overcome," he said, if the group was to maintain its competitive position in the world of carpets, and provide continuing employment at present levels "and to those objectives we remain firmly dedicated."

Sir Robert said the directors had for some time felt that should a suitable opportunity present itself, they should modestly re-enter the field of tufted carpet manufacture and that recently they had had satisfactory negotiations on the acquisition of the tufted plant of Lyle Carpets; the group should begin to operate the plant in the spring of 1979.

The chairman added that the venture was not large enough to affect results significantly, but it did give the group a foothold in another method of manufacture.

Sir Robert pointed out that carpet demand in the home market was not as volatile as was sometimes suggested, and although the directors' optimism was guarded, nothing had transpired in the first four months of the current year to make them apprehensive about the rest of the year.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: A. D. International, Alida Packaging, Beecham, Brown Shipley, Chamberlin and Hill, Charter Consolidated, Chloride, Dentsply, David Dixon, East Midlands Allied Press, Keyser Ullman, London Prudential Investment Trust, Warner Holidays, Wight Construction.

Finals: Malayan Tin Dredging, Peachey Property, Southern Malayan Tin Dredging.

FUTURE DATES

Interims:	
Amber Industrial	Nov. 16
Belgrave (Blackheath)	Nov. 21
Billam (J.)	Nov. 17
Bremar Trust	Nov. 21
British and Commonwealth Ship.	Nov. 16
Buckley's Breweries	Dec. 7
Bulmer (H. P.)	Dec. 13
Caledonia Investments	Nov. 16
Capital and Counties Property	Nov. 23
Chamberlain Phipps	Nov. 27
Daily Mail and General Trust	Nov. 29
Fashion and General Investment	Nov. 20
Hargreaves Group	Nov. 30
Racal Electronics	Nov. 30
Ropner Holdings	Nov. 29
Sheffield Refreshment Houses	Nov. 17
Viners	Nov. 17
Finals:	
Comet Radiovision Services	Nov. 28
Devenish (J. A.)	Dec. 6
Morland	Nov. 16
Muirhead	Nov. 23
Town Centre Securities	Nov. 17
Wellco	Nov. 17

J. Halstead confident of growth

The companies at James Halstead (Holdings) are currently trading satisfactory, Mr. J. S. Leach, chairman, tells shareholders in his annual statement, and given a reasonable industrial climate the directors are confident that further substantial progress will be achieved.

As reported on October 11 pre-tax profits for the year to June 30, 1978 jumped from £196,590 to a record £785,333 on turnover of £18.3m, against £15.46m. The dividend is increased to 0.804p (0.325p) per share.

There was a significant improvement in B. M. Coatings, which incurred a relatively small loss compared with the previous year; a breakeven situation has now been achieved and a return to profitability in the current year has been budgeted for.

Although there was only a small rise in sales at James Halstead, "substantial increase in profit was achieved," the chairman states, and the directors are confident of further progress from this company.

There was real growth at Belstaff International with sales 25 per cent ahead, and the directors feel there is considerable scope for further profitable growth and a real opportunity for this company to increase its penetration into the various markets which it serves.

Mr. Leach says that the group has a strong base on which to build and the directors will consider any relevant opportunities for expansion by acquisition in order to achieve further profitable growth on a planned and consistent basis.

On a CCA basis pre-tax figure is reduced to £604,143 after extra depreciation of £223,258, cost of sales adjustment £116,813 less the gearing factor £158,881. A revaluation of group fixed assets revealed a £1.8m surplus over book value for plant and equipment and £0.5m for land and buildings.

There was a decrease in net bank borrowings during the year of £490,435 compared with a £309,251 increase previously.

Meeting, Manchester, December 7 at noon.

Arbuthnot Latham downturn

The directors of Arbuthnot Latham Holdings, merchant banking concern, announce an unchanged interim dividend of 3.85p net per £1 share and say that group profits for the half year to September 30, 1978, were lower than for the same period last year.

They say therefore, that the full year's result may not equal the record £1.29m pre-tax profit for the 1977-78 year.

For that year a final dividend of 6.23p was paid.

Afrox expands and raises dividend

Further expansion has been achieved by Afrox, the South African subsidiary of BOC International.

In the year ended Sept. 30, 1978, turnover improved R4m to R136m but, with a full 2 per cent gain to 16 per cent in margins, trading profit rose from R18.9m to R21.7m.

Net interest was halved to R0.7m, resulting in the pretax profit advancing R3.6m to R21m. A decrease in the effective rate of tax and a reduced loss at Silicon Smelters, the group's R20m joint venture with Alcan and others which has been hit up to now by rising electricity tariffs, have lifted net profits from R9.4m to R12.1m. Earnings per share are shown at 41 cents (32 cents) and the dividend is 17.5 cents (14 cents).

Lifeguard Assurance in healthy position

A healthy financial position for the year ended June 30, 1978, is reported by Lifeguard Assurance, the life company which ceased taking new business in November 1975. The actuarial valuation at the end of the year disclosed a surplus of over £450,000 on the main funds and over £140,000 for the subsidiary (Investment Annuity Life) and nearly £50,000 surplus on Saveguard Assurance.

The valuation also disclosed that the £47,000 allocated to Investment Annuity Life was no longer required and it has been transferred back to Lifeguard. As a result the Board has been able to again improve the basis of calculating surrender values across the board for those life policies which do not carry guaranteed values.

The report and accounts for the year reveals that premium income, not unexpectedly, declined by £700,000 to £3.25m, but investment income rose by 12 per cent to £5.22m. Claim payments were 6 per cent lower at £6.2m and the expenses of management were slimmed still further to £400,000 from £595,000. There was a revenue surplus on the year of £2.22m which together with other profits on sale of fixed assets and change in market value of fixed assets, increased the life funds on the year by £2.7m to £47.56m.

Mr. Victor Wood, chairman of the company, in his annual statement reports that the number of staff employed has now fallen to 49, the number required to service the 79,000 policies still in force. This represents a reduction of some 6,000 policies on the year in question. He also reports that total assets of the main fund are now concentrated very largely in fixed-interest securities, mainly gilts. Property sales had continued during the year and now represented only 2 per cent of the total assets of Lifeguard.

The Board is maintaining the present rate of terminal bonuses on policies which become claims during the current year at 27 per cent of the premiums paid since July 1, 1977. The company operates a triennial bonus system, with the next declaration due to be made for the three years to June 30, 1980. The Board also stated its satisfaction in the company's ability to meet 100 per cent of its contractual obligations to all its policyholders, subject to no unforeseen circumstances.

AMBROSE INVESTMENT

Ambrose Investment Trust made a surplus on realisation on investments of £628,012 after tax of £70,102 for the six months ended September 30, 1978. The tax figure was given as the comparison for the surplus on realisation in our report of November 8.

RESULTS AND ACCOUNTS IN BRIEF

COURTNEY, POPE HOLDINGS (shopfitting, light engineering, electrical, etc.)—Results for May 31, 1978, year reported October 14, with directors' observations on prospects. Exports from UK £1.33m (£0.49m). Group fixed assets £1.75m (£1.81m), net current assets £2.3m (£1.56m). Throgmorton Trust holds 14.9 per cent of equity, Sun Life Assurance Society 7.4 per cent, Prudential Assurance Company 7.4 per cent. Meeting, South Tottenham, November 30, 11 a.m.

SCOTTS RESTAURANT—Turnover for half year to June 30, 1978, £513,504 (£451,963). Profit £83,801 (£100,050) before tax £43,000 (£52,060). Attributable £40,801 (£1,067,956, after extraordinary credit £1,019,906).

JAMAICA SUGAR ESTATES—Accounts for year to September 30, 1977, should be available early in 1979—they have been completed but not yet audited. AGM convened for November 30. Proposed that meeting be adjourned until accounts available and notice be given of the adjourned meeting.

BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST—For year to September 30, 1978. Revenue £199,763 (£172,857), after tax £112,895 (£115,267). Net asset value per 25p deferred share 156p (141p). Net final dividend 2.3p per deferred share, making 3.6p (3.4p).

MYDDLETON HOTELS—Results for year to June 30, 1978 already reported. Fixed assets, £3.55m (£2.86m). Current assets, £0.48m (£0.44m) and liabilities, £1.89m (£0.59m). Meeting, Savoy Hotel, Bournemouth, December 4 at 12.30 pm.

WILLIAMS HUDSON GROUP—Williams Hudson Group Ltd. intends to publish its accounts to March 31, 1978 and those of its subsidiaries—Williams Hudson Ltd—by the first week in December.

OCEANA DEVELOPMENT INVESTMENT TRUST—Net profit £2,063 (£1,976) after tax £972 (£911) half-year to September 30, 1978. Net asset value per share 24.5p (29.8p).

Walker & Homer (upholstered furniture maker)—Results for year to July 31, 1978, already reported. Fixed assets, £509,000 (£564,039). Net current assets £424,344 (£431,513). Meeting, Birmingham, December 4 at noon.

R. Green Properties—Results for year ended June 30, 1978, already reported. Directors consider value of properties in balance sheet at £4.73m (£4.77m) to be some £4.5m in excess of this figure. Chairman says profits in first quarter of current year ahead of those for same period last year. Meeting, Brighton, December 11 at 5.30 p.m.

CAPITAL GEARING TRUST—For half year to October 5, 1978. Income £31,408 (£29,641). Expenditure £41,371 (£42,793), leaving loss £9,963 (£3,152). Loss from Capital Gearing (Overseas) £9,195 (£7,500). Net assets per ordinary share 29.5p (18.6p at April 5, 1978). Due to progressive switch from convertible loan stock to ordinary shares the larger part of income will be received in second half. Revenue deficits of Capital Gearing (Overseas) have been offset by transfers from reserves as in previous periods.

COGHLANS—Turnover for six months to September 30, 1978 £2,663,735. Profit £10,084, after interest £49,752.

BERRY TRUST—Results for year ended August 31, 1978 reported November 6. Group fixed assets £20.21m (£13.6m), net current assets £902,364 (£1.75m). Liquidity decreased £959,240 (£1.77m increase). As at November 3 Kuwait Investment Office held 9.85 per cent of issued equity, UK Temperance and General Provident Institution 9.86 per cent, Post Office Superannuation Fund 8.53 per cent and H. H. Berry Settlement 6.42 per cent. Meeting, 15, Finsbury Circus, EC, December 8, at noon.

C. TENNANT SONS AND COMPANY (in Consolidated Gold Fields Group). Net taxed loss £489,000 (£569,000 profit) for year ended June 30, 1978, after tax £329,000 (£692,000). Credit extraordinary items £677,000 (£226,000), leaving attributable balance £195,000 (£818,000). Group net current assets £10m (£11.79m) cash £11.29m (£6.8m) and loans and overdrafts £17.39m (£11.53m). The 1977/78 results was struck after £1.5m terminal losses and provisions of Tennant Trading. The improved trend in trading results at Tennant Trading have continued into the current year. If the other principal operating companies sustain their recent performance the chairman is looking for a current year results for the group comparable with 1976-77.

ACORN SECURITIES COMPANY—Results for the year to August 31, 1978, already known. Listed UK investments £4.29m (£3.38m), overseas £1.50m (£1.02m) and at directors' valuation £10,463 (£14,055). Net current assets £106,263 (£101,016 liabilities). Meeting, King William Street, EC, December 5, at 2.30 pm.

ABERDEEN INVESTMENTS—Gross revenue £51,480 (£43,159) for half year to September 30, 1978. Revenue before tax £46,961 (£37,807). Tax £16,968 (£13,918). Net asset value per 25p Ordinary share 69.81p (62.2p). As known, interim dividend 1p (0.9p—total 2.35p).

UNITED REAL PROPERTY TRUST—Results for April 5, 1978 year reported October 28. Group fixed assets £20.49m (£20.58m), investments £1.95m (same), net current assets £1.55m (£1.39m). Group net assets £13.68m (£13.61m). Working capital decreased by £89,980 (£1.95m). At year-end, group had estimated capital commitments of £5.2m (£50,000). Meeting, Europa Hotel, W, November 29, noon.

DUCTILE STEELS—Results for July 1, 1978 year reported October 26 in full preliminary statement. Group fixed assets £15.63m (£7.81m), net current assets £21.88m (£15.64m). Working capital increased by £0.99m (£6.19m). Meeting, Willenhall, November 30, 3 pm.

ALTIFUND—Half-year to September 30, 1978. Gross revenue £167,331 (£153,946). Net revenue (after expenses and estimated taxation) available for income and capital shares £99,528 (£89,184). UK tax charged £49,806 (£47,947). Amount absorbed by interim dividends: Income shares £79,200 (£72,000). Capital shares £2,640 (£2,400). Earnings per share. Income share 4.61p (3.60p). Capital share 0.20p (0.18p). Interim dividend per share Income share 3.30p (3.00p). Capital share 0.165p (0.15p). Total assets, less current liabilities, at market value including full dollar premium of 46½ per cent (45½ per cent) where applicable £7,538,129 (£6,311,621 at March 31). Equivalent to 162.5p (101.8p) per Income share, 318.7p (241.8p) per Capital share.

BRITISH CAR AUCTION GROUP—Results for year to July 31, 1978 reported November 7. Group fixed assets £7.51m (£5.62m). Current assets £1.78m (£1.56m). Current liabilities £3.94m (£3.62m). Meeting, Farnham, Surrey, on December 1 at noon.

LAWTEX (clothing, umbrellas and allied products)—Results for year to July 1, 1978 already reported. Fixed assets £1.52m (£0.94m). Net current assets £2.8m (£1.67m). Directors have appointed National Westminster Bank its principal bankers and restructured borrowings. Medium term loan of £[illegible] obtained. Meeting, Manchester, December 6 at noon.

Fleet Street disputes cost W. H. Smith £2m

INDUSTRIAL DISPUTES in Fleet Street cost W. H. Smith and Son (Holdings) £2.2m in the eight months ended September 30, 1978 compared with £0.88m in the same period of the previous year.

Allowing for this loss the trading profit for the period of this distributor of newspapers, books and stationery, etc., comes through marginally ahead at £4.21m compared with £4.15m while at the pre-tax level there was a decline from £4.63m to £4.08m.

Stressing that past interim results have not been indicative of those for the year the directors state that if the more buoyant level of retail sales generally continues through the Christmas trading period this should reflect favourably on the results of the last four months. In 1977/78 this period produced a profit of £16.21m.

The eight months profit includes only £6,000 this time on the sale of pr[illegible]ties whereas in the previous [illegible] the result was boosted by [illegible]4,000. Interest received in the [illegible] was up by £384,000 while [illegible] was little change in the [illegible] of losses by the associates. [illegible]preciation of £463,000 is prov[illegible] this time.

An extraordi[illegible] debit of £357,000 has [illegible] provided relating to losses [illegible] from the withdrawal from [illegible] retail joint venture in Holl[illegible]. WHS and Elsevier, the [illegible] partner, announced in Ma[illegible] that they had decided to disso[illegible] their joint venture which t[illegible] as Sims. Losses had been [illegible]tial. Both companies were [illegible]ering continuing some of th[illegible]ops in their existing businesses.

After tax and th[illegible]traordinary debit the net profi[illegible]me through at £2.18m against [illegible]m. Earnings per 50p share [illegible] stated to be unchanged at 3[illegible].

The interim [illegible]idend is effectively raised [illegible] 0.69p to 0.7704p net. In ad[illegible]n there is a supplementary final of 0.0226p in respect of 1977/78 bringing that year's total up to 2.2016p.

The directors intend that the 1978/79 dividend total will at least be 10 per cent above the 1977/78 level. Should 1978/79 results allow a higher dividend to be declared within the present controls then a higher figure will be recommended.

	Eight months 1978 £000	1977 £000
Sales	277,884	235,584
Trading profit	4,208	4,165
Depreciation	463	—
Associates losses	360	362
Prop. sale profit	6	534
Interest received	694	310
Profit before tax	4,079	4,627
Taxation	1,346	1,873
Net profit	2,733	2,749
Extraordinary debit	357	—

*Assumes effective rate of 33 per cent—comparisons restated.

● comment

The first thing that can be said about the W.H. Smith figures is that they are not entirely comparable. The main departure concerns freehold buildings which are being depreciated for the first time, knocking £463,000 off pre-tax profits. In addition, profits last time had the benefit of £½m from property sales; this time it is only £6,000. So altogether, the underlying result is little changed. An important factor has been the low growth in newspaper cover prices. But lost sales from Fleet Street disputes may have cost Smith £¾m in profits. To round off the bad news, the figures include £370,000 of Dutch trading losses, as well as £357,000 of extraordinary closure costs. Nevertheless, the outlook for the year is for pre-tax profits of the order of £24m which should allow the company to keep its promise to take advantage of the cover rule. Assuming a 33 per cent tax charge, the prospective p/e is about 6½ at 149p.

12% improvement for GEI at interim stage

AFTER BEING ahead of budget in the first quarter of 1978-79 GEI International, the engineering group, reports a 12 per cent rise in pre-tax profits to £2.32m for the six months ended September on sales 6 per cent better at £24.16m.

Mr. Thomas Kenney, chairman, says that against intense competition margins have been maintained at 9.6 per cent compared with 9.1 per cent. Subject to industrial harmony being re-established he forecasts a good result for the full year.

Despite the trend of industry living on a shorter order book than before, the value of the group's orders is only slightly down on the high level of a year ago.

The chairman reports that the product based companies have not been affected to the same extent as the steel companies where foreign imports of steel are having an increasing impact.

The interim dividend is increased from 1.458p to 1.6p net—the total for 1977-78 was 4.152p paid from record profits of £5.5m.

Describing the group's financial condition as excellent the chairman discloses that at September 30 it had £4.2m of net cash and near cash assets compared with £3.5m a year earlier.

● comment

After two and a half years of exceptional growth, the pre-tax profit increase at GEI has returned to a more modest level. The result, nevertheless, was well in line with expectations given the somewhat dull engineering and the depressed steel background. Steel profits, in fact, fell 6 per cent, due in part to motor industry stoppages. But the Midland Steel products division, which accounts for slightly less than half group sales, managed a 10 per cent increase while packaging, where 40 per cent of turnover goes abroad, also did well. About £1m is currently earmarked for capital spending (against £3m last year) and this reduction can only help swell the group's already bulging cash balances—in the last balance sheet these stood at over £7m. After the breakdown in plans to take over a French company GEI is still on the lookout but nothing apparently is in the pipeline. Profits of around £6.25m look possible for the year, which puts the shares at [illegible] on a prospective p/e of alm[illegible] 7 and a yield of 8.5 per cen[illegible]. The group is well set for a ge[illegible] recovery in demand but w[illegible]ts limited exposure to areas [illegible] high technology, the retu[illegible] of rapid growth seems unl[illegible]y in the short term.

50 companies wound-up

Orders for the [illegible]pulsory winding up of 50 com[illegible]ies have been made by Mr. Ju[illegible] Brightman in the High Co[illegible]. They were:

Denis McManus, Fla[illegible], Chappell and Palmer I[illegible]ments, Munster Studios, Elect[illegible]ervices (Battersea), A. J. [illegible]cNally Company, George Harr[illegible] (Nottingham), Gramberden [illegible]perties.

Prior Engineering, Lo[illegible] Stellaneve, Stephen Jones [illegible] Services), Talprops, [illegible]pada (Supplies), Allworks.

Ashford Tyre Service, [illegible]rnett Building Company (Ro[illegible]dale), Chart Landscapes, E[illegible]cure (Building Services), C[illegible]pus General Trading Company, [illegible]nk Best and Co., Graham [illegible]en Productions, Dean Poly[illegible]e (Wilmslow), Elliston and Hal[illegible].

Euro-Express Lloyd, Big [illegible]d Designs, Senglen Properties, [illegible]lardbest, Barclay Ventures, M[illegible] Footwear (London), Audiosa[illegible].

Tangshaw Builders, Regtonsp[illegible], Heath Hayes Working Men's Cl[illegible] and Institute, Laurie Mansfiel[illegible], Kape (Driffield), HCA Malcolmso[illegible] Transport, Barrie Alexande[illegible] Ceramics.

Catholic Fireside, Bridgman and Reed (Developments), Cadsc[illegible] (London), Vancemoss, M. Farrier and Co. (Developments), C. [illegible] Toten, David L. Overton, Fa[illegible] Green, Adelaide Wine House, Spray Investments, Independent Telecommunications Consultants, and ABC Radio Taxi Services (Merseyside).

Orders for the compulsory winding up of the following companies have been rescinded and the petitions dismissed by consent: Master Bowman Products (October 30, compulsory order previously made in Warwick County Court on September 1); Williams and Smith Investment Company (November 6); Milverton Plant Hire (October 30).

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
81 Greenwich High Road, Greenwich, SE10 8NL.

Deposit Rate 6.45%. Share Accounts 7.20%. Sub'pn. Shares 7.95%. Term Shares 2 yrs. ½% above share rate, 3 yrs. 1% above share rate. Interest paid quarterly on shares term shares. Monthly Income Shares 6.80%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road, London W4 2NG.

Sub'pn. Shares 8.20.
Deposit Rate 6.45, Share Accounts 6.95.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at November 7, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	128.99
Clive Fixed Interest Income	113.69

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at November 9, 1978

Capital Fixed Interest Portfolio	100.02
Income Fixed Interest Portfolio	100.01

Expansion at London Shop

THE MAJOR development programme of London and Provincial Shop Centres (Holdings), due for completion by early 1980, together with the continued increase in rental values of existing investments should ensure growth, the directors say.

In the annual report to shareholders, they also say that it is intended to add further prime office and shop projects to the development programme.

The balance sheet shows group capital expenditure contracted for, but not provided, of £3.41m (£84,000). Authorised but not contracted for is nil (£4.36m).

As expenditure on the development programme will be higher during the current year, it is not anticipated that development outgoings for the year ending June 24, 1979 will be fully covered by net profits the directors say.

However, the increase in the group's net assets resulting from its successful developments has always justified the policy of maintaining a development programme, whether or not outgoings can be totally covered by net profits.

Nevertheless, the development programme at any one time has always been limited to a reasonable commitment having regard to the size of the group's net assets and net profits.

Building work is now in progress on all sites held for development. The only other properties previously held for development are three office buildings in Slough, which are fully let; these properties have been transferred to the group's investment portfolio and included in the revaluation.

However, subject to obtaining the necessary consents, it is intended eventually to redevelop these properties as a major office block, the directors state.

There is a strong demand for space in the group's developments and it is estimated that, when completed and let, there will be a further substantial increase in gross and net assets.

The group continued to improve its investments whenever the opportunity arose and accordingly negotiated the surrender of Imperial Chemical Industries lease of Dulux House, Slough which was let at £30,013 per annum. The building was re-let to ICL at £137,590 per annum, from March 1978.

As reported on November 9, with details of a property revaluation, gross rental income for the year ended June 24, 1978, was £1.08m against £1.06m and profits before tax amounted to £517,000 compared with £437,000.

Globe Invest. up midway

GROSS REVENUE of the Globe Investment Trust increased from £9.76m to £9.88m in the six months to September 30, 1978, and earnings before tax were £8.42m against £8.22m in the same period last year.

The interim dividend is 2.5p and the directors expect that they will be able to recommend a final of 3p. Last year the final was 2.4p and prior to this there was also a special interim dividend of 2.6p declared for the period from April 1, 1977, to September 16.

Tax in the half year takes £3.11m against £3.42m and after minorities of £412,000 (£389,000) attributable earnings were £4.91m compared with £4.41m.

OIL AND GAS NEWS

Further success for Esso/BHP in Fortescue Field

CONFIRMATION of the potential of the recently discovered Fortescue oil field comes with the news that the Esso Exploration and Production Australia/Broken Hill Proprietary partnership have recovered sandstone with indications of hydrocarbons from the Fortescue 2 well, offshore Victoria.

Four cores cut over the interval 2,420 to 2,480 metres revealed hydrocarbon indications between 2,441.5 to 2,454.6 metres. Target depth is 2,600 metres and the well is preparing to drill ahead.

The significance of the find cannot be estimated until electric logs and wireline tests have been evaluated, while the full extent of the field depends on more extensive drilling.

Fortescue 2 is located in Victoria Licence 5 offshore the Gippsland Basin and is 3.8 km south-southwest of the West Halibut 1 well which established the existence of the Fortescue field late in September.

At the time of the initial discovery, Mr. Kevin Newman, Australian Minister for National Development said that the find could add one to two years supply to Australia's crude oil reserves.

* * *

Three wells drilled by Total Petroleum (North America) in the Elmworth area of Edmonton have revealed traces of oil.

The first well, Total Pancanadian Hythe 10-30-73-9 W6, in which Total has a 50 per cent interest, recovered oil during limited production tests, while Total Pancanadian 10-15-74-10 W6 indicated the presence of oil although production tests have yet to be made.

The third, Wembley 10-32-72-8 W6 confirmed the presence of oil on a drill stem test.

Total says the results are encouraging but that considerable evaluation work and further drilling will be necessary before any conclusion can be reached on the commercial viability of the find.

* * *

The Alberta Government has received more than C$24m from its latest sale of oil and natural gas leases to the petroleum industry.

Total Petroleum (North America) and Pancanadian Petroleum paid $4,632,330 or $452 an acre for a 10,420 acre licence south of Le Glace, Alberta. Total will have a 75 per cent interest in the venture and Pancanadian 25 per cent.

Chieftain Development, Ocelot Industries and Ashland Oil and Gas paid C$4,372,436 or $666.66 an acre for a 6,560 acre licence also near Le Glace.

Dome Petroleum, Mesa Petroleum and Sulpetro of Canada combined to pay C$3,625,523 or $435 an acre for an 8,320 acre licence in the same area. Dome is the major participant in this venture with 66.6 per cent; C$451,492 or $40 an acre was paid by Chevron Standard and Gulf Canada for a 480 acre lease northwest of Bonnyville, Alberta.

* * *

Venezuelan oil production averaged 2.14m barrels a day so far this year, according to the Venezuelan Energy and Mines Ministry.

The figure represents a 6.13 per cent reduction compared with the same period of last year. However, the ministry added that production was now significantly higher than at the start of 1978 when daily output averaged 1.50m barrels.

* * *

The first discovery of oil off the coast of South Africa has been made by Southern Oil Exploration Corporation (Pty).

The discovery, described by the company as "promising" was found in a borehole drilled some 140 km off Mossel Bay in Cape Province.

Completion of the well and tests are expected shortly, when the company will report in greater detail.

Southern Oil Exploration is owned jointly by the South African Coal, Oil and Gas Corporation and the Industrial Development Corporation of South Africa, each with 50 per cent.

* * *

Exxon has announced that the first tests on its Baltimore Canyon Block 684 well were negative, with no hydrocarbon shows. The well was completed at 16,620 feet and several other zones below 12,000 feet remain to be tested.

Citizenship decisions

SOME 35,000 applications for British citizenship were awaiting a decision Mr. Brynmor John, Home Office Minister, said in a Commons written reply.

MINING NEWS

Wankie Colliery profits may be lower

BY KENNETH MARSTON, MINING EDITOR

RHODESIA'S major coal producer, Wankie Colliery in the Anglo American Corporation group, forecasts "satisfactory," but lower, profits for the year to August 31. Sir Keith Acutt, the chairman, says in his annual review that wages have been increased and the company cannot escape the impact of inflation. Meanwhile, there has been no rise in permitted coal prices this year.

Sir Keith says costs were contained in 1977/78 because it was possible to equate production with deliveries, while the closure of No. 4 colliery and the concentration of opencast production at one pit had all kept costs under control.

However, he warns that should there be any large increase in demand there would be an increase in fixed costs ahead of the material being available. In addition, Wankie would have to obtain expensive new equipment. While Wankie has sufficient funds to meet immediate needs, any major expansion programme would require additional capital "well beyond our present resources."

Sir Keith says that the coke ovens were operated at minimum levels in the past year and it had been possible, as a result of export sales, to reduce Wankie's very large coke stockpile.

Had Wankie been forced to rely on the domestic market alone for its coke sales, then there would have been a very large loss incurred on this product. On the coal side, coking coal exports were also important.

Sir Keith makes no reference to the recent re-opening of the Victoria Falls border post and the speculation that Wankie will benefit from coal and coke sales to Zambia, reports our Salisbury correspondent. His forecast of a lower profit thus implies that he is not overly optimistic on this count.

ROUND-UP

The Philippine Government's first uranium exploration permit has been granted to America's Getty Oil and Benguet Consolidated, the Manila mining group. The one-year permit will allow the companies to conduct airborne radiometric and ground scintillometer surveys of a 250,000 hectare area in south-eastern Luzon, 125 miles south-east of Manila.

* *

Canada's Little Long Lac Gold Mines reports a net income in the September quarter of C$253,427 (£109,900), this including a C$51,947 profit on the sale of shares in an associated company. The total for the first nine months amounts to C$289,431 compared with a loss of C$358,547 in the same period of last year.

* *

A "significant" increase in third quarter working costs coupled with a decline in ore grade has produced a loss in the three months of C$469,549 at the gold-producing East Malartic Mines which is controlled by Little Long Lac. East Malartic's nine-month result is a loss of C$304,512 compared with a loss of C$36,761 in the first nine months of 1977.

* *

Kinta Kellas Tin Dredging sold 216 tonnes of tin concentrates in the six months to September 30 compared with 258½ tonnes in the same period of 1977. Profits for the latest half year amount to M$927,000 (£215,600) against M$1,077,000 a year ago. It is stated that production fell because the dredge was operating in an area of lower grade ground. It will have exhausted all the remaining virgin ground by the end of this month when it will re-work tailings. However, a second opencast mine was brought into production at the beginning of October.

* *

International Nickel-Ireland says that it has recently started a drilling programme on licences in Ireland in which it has an interest with Oliver Prospecting and Mining. Some mineralisation has been intersected but it is too early to properly assess the results, it is added. The programme is continuing.

URANIUM OUTPUT HELD BACK AT AGNEW LAKE

PRODUCTION AT Agnew Lake Mines, the uranium producer with a mine in Ontario, owned by Kerr Addison, is this year expected to be less than half the design capacity at 400,000 lbs, writes John Soganich from Toronto.

The mine is the only Canadian uranium operation which extracts ore by a leaching process, and this has been a problem since start-up in June 1977.

Output in the third quarter of this year was 115,000 lbs of uranium oxide, after 96,000 lbs in the second quarter and 69,000 lbs in the first quarter.

According to Agnew Lake, production continues to be limited by the quantities of ore under leach, "as all other aspects of the operations are performing satisfactorily." However, uranium recovery in the last quarter of this year and the first quarter of 1979 is likely to be reduced because of the colder weather, the extraction rate being a function of the temperature.

As the underground stopes are changed over to a flood leaching system, production is expected to improve, but overall the output is not expected to rise until the second quarter of next year.

From that time until the end of 1979, the output rate is expected to average 70 per cent of capacity. The planned rate of 1m lbs is expected only in 1980.

As a result of these difficulties it appears that Agnew Lake will be unable to produce sufficient uranium to fulfil both its sales contracts and its commitments to return 2m lbs of borrowed uranium by the end of 1981. The company is finalising a deal to buy 500,000 lbs of uranium oxide from another producer.

Loans sought for Metals Ex. gold venture

AUSTRALIA'S Metals Exploration, the co-owner with America's Freeport Minerals of the struggling Greenvale nickel operation in Queensland, is pinning its hopes on gold in the Philippines. Negotiations are now in hand with the Philippines Development Bank for a long-term loan for developing the Longos gold project.

A major portion of the estimated A$12.5m (£7.33m) required for the venture is being sought from the bank. A decision to go ahead with mine development cannot be made until firm arrangements are concluded to provide the full amount of equity and loan funds needed to put the property into production.

It is estimated that the Longos cash break-even cost, including interest and loan repayments, is equal to a gold price of about U.S.$110 per ounce. feasibility studies being based in mining 150,000 tonnes of ore a year for the production of 67,500 ozs of gold. The venture is owned 40 per cent by Metals Ex. and 60 per cent by Filipino interests. Metals Ex. shares were 25p yesterday.

HECLA MINING

The closure of the Lakeshore copper mine in Arizona has led Hecla Mining to record a huge loss in the first three quarters of this year. The company announced yesterday a net deficit of $100.09m (£50.8m) for the period, compared with a loss of $5.4m in the same period of 1977.

The loss from the discontinued operations of Lakeshore cost $101.5m. The mine was a joint venture with an El Paso Company unit, and in August Hecla advertised its stake for sale.

Lakeshore was forced to close because of low prices, and this caused Hecla to seek a restructuring of its loan commitments and to start a programme of retrenchment throughout its operations.

But the company apparently thinks the worst is over. Its figures for the first three quarters were accompanied by a statement saying that the elimination of Lakeshore operating losses will have a positive effect on future earnings.

Further, the termination of the interest in Lakeshore will not affect mining properties in Idaho, which are carried in the books at a small percentage of actual value, Hecla said.

A revised credit agreement is being finalised and cash flow is expected to be sufficient to meet obligations under the agreement.

BIDS AND DEALS

One U.S. hurdle left for Davy

Davy International now only needs to clear the hurdle of U.S. anti-trust regulations to complete its agreed merger with McKee Corporation, the Cleveland heavy engineering and construction group.

Shareholders controlling some 95 per cent of McKee's shares have agreed to accept the terms of Davy's £55½m cash bid.

Sir John Buckley, chairman of Davy, the UK process plant contractor, said last night that the group had now placed all the required information before the anti-trust division of the U.S. Justice Department and he expected to head shortly the Government's decision on the bid.

Sir John added that while the anti-trust division had given no indication of the outcome he was not worried about the decision.

The anti-trust investigation has been carried out under the terms of the Hart-Scott-Rodino Act which only came into force two months ago and which empowers the Justice Department to seek detailed information where merger and takeover offers affect companies over a certain size.

Sir John said that McKee's operations were complementary to those of Davy and he did not envisage any management changes within the U.S. group.

McKee's markets include South America where Davy also have operations. In addition the deal will also give Davy a much larger base in the U.S.—a market which it has previously supplied largely by exports.

Davy also believes that the enlarged group will also be more attractive when it comes to tendering for major contracts. McKee has a turnover of $700m—although its profits have slipped recently—not much lower than Davy's own annual sales of £371m last year.

UNILEVER SALE TO SCHWARZKOPF

Schwarzkopf, a major international company in the hairdresser supplies business with headquarters in Germany, is to purchase a subsidiary of Unilever.

No consideration has been disclosed for the purchase of the subsidiary, Clynol, also in the same business as Schwarzkopf, but it is said not to be significant in relation to the assets of Unilever.

Schwarzkopf is to operate Clynol in the UK as a separate division with its existing sales force and marketing management. The proposals will lead to the closure of the Harrogate office within a few months and are being discussed with the staff affected.

In its last financial year Schwarzkopf showed sales of DM 800m (£210.5m). Other than the Schwarzkopf family interests which own 51.15 per cent of the company, Hoechst A.G. holds 48.85 per cent.

MELVILLE DUNDAS FORMING HOLDING COMPANY

Construction and property group Melville Dundas and Whitson plans to set up a new holding company to look after its interests but will not take this opportunity to escape from dividend restraint.

Under dividend control regulations a new company is free from restraint for two years but Melville's chairman, Mr. H. A. Whitson, said yesterday that the group would not be taking advantage of this.

The name of the new holding company is to be MDW Holdings. At the same time the group is proposing to lift its borrowing powers by £1m to £3m. Under the terms of the reconstruction Melville Dundas and Whitson will continue to operate under its own name as a construction company but will become a wholly owned subsidiary of the new holding group.

The group says that the extra borrowing power will enable it to take advantage of "current and future opportunities." However its last balance sheet for the year ending December 31, 1977, showed borrowings of only £954,000 against cash of £2½m Mr. Whitson proposes that the reconstruction should become effective from the end of this year. The plan has the provisional approval of the Registrar of Companies in Scotland.

A. PREEDY BUYS BOOK SUPPLIER

Alfred Preedy has acquired a 58 per cent stake in Midland Book Suppliers in a cash and shares deal worth £17,000. Preedy is currently pursuing a £3.3m agreed bid for Midland Educational which the group stresses is no relation to Midland Book Suppliers.

Plantation Hldgs. plans to reorganise

Plans for the splitting of Plantation Holdings into two new companies will be submitted to shareholders in the New Year. The company announced this yesterday, on the same same day that Multi-Purpose Holdings sent out its formal offer for the London-based plantations business.

One of the new companies would be British and would apply for a Stock Exchange listing. The other would be Malaysian and is expected to be listed on the Kuala Lumpur exchange. The Bank of England has indicated that the Malaysian company would attract the investment currency premium. Yesterday, the Bank issued supplement No. 50 to notice ECS which states that, from yesterday, purchases of PH shares by UK residents from non-residents will be subject to special requirements.

Shares of Plantation Holdings reacted with a rise of only 1p to 68p since the market has long anticipated that a re-organisation along these lines was on the cards.

The cash offer from MPH at 64p, is below the current market price. And Lee Loy Seng, chairman of MPH, does not advise Plantation Holdings shareholders either to accept or reject his offer. In the formal document he writes: "It is not possible at this stage to give you any view of the market values of the UK company and the Malaysian company, since these will depend on market conditions at the time and on the results of the current financial year."

Mr. R. Howard, chief executive director of PH, said yesterday that his board would be responding to the offer in the next week or so and a profit forecast would be included.

He said that the re-organisation plans had been in the pipeline for some time and had always had the support of MPH. The splitting of the company into two would have certain tax advantages for MPH.

MPH expects that British holders of shares in the new Malaysian company will be given the opportunity of selling to local institutions. The price at which the shares will be underwritten will be announced with details of the re-organisation.

AKROYD AND SMITHERS

Cohn, Delaire and Kaufman, the New York brokers in which Akroyd and Smithers, the London jobbing company, has a 45 per cent stake, has bought another U.S. broking company, Balfour Securities.

A spokesman for Akroyd said yesterday that the takeover was to expand the base of CDK. The deal would not dilute Akroyd's stake in the enlarged company. Balfour was a very small concern.

WM. MOWAT

Wm. Mowat, the company recently acquired by Jenth, the private Jersey investment group, said yesterday that it was unlikely that it would be able to publish within the next few weeks full details of its rights issue plans, but it hoped to be able to give further information on the rights issue proposal by the end of the year.

SHARE STAKES

Stag Furniture Holdings—Mr. V. N. Radford, director, has ceased to have an interest in 95,574 ordinary shares of the company owned by his wife who has died. Of these shares, other directors have acquired a net interest in 68,712 consequent to a bequest. The individual position is as follows: Beneficial: Mr. P. V. Radford 22,904, Mr. J. D. Radford 22,904. As trustee: Mr. P. V. Radford 68,712.

Allied Insulators—Britannic Assurance Company has acquired a further 25,000 ordinary shares thereby increasing its holding to 1,075,000 ordinary shares (11.02 per cent).

Assam Trading (Holdings)—Messrs. J. A. Driver and C. E. Free, trustees of Mr. J. M. Guthrie's 1965 settlement purchased on November 3, 1978, 5,000 "B" shares thereby increasing the holding of that class to 40,058 shares and, taken together with the holding of 31,375 "A" shares, represents a voting power of 6.705 per cent.

ASSOCIATES DEALS

Harris Allday Lea and Brooks bought on behalf of Alfred Preedy and Sons 3,100 Midland Educational at 241p on Nov. 9 and 4,000 at 241p on Nov. 10.

Vickers Da Costa, brokers to John Haggas, on Nov. 13 sold 4,000 Haggas at 183p on behalf of a discretionary investment client.

CONTRACTS

£4m mechanical handling order

An order worth £4m has been won by the plant division of GEC MECHANICAL HANDLING, Melksham, Wilts. Awarded by UKF Fertilisers, it is for the uprating and expansion of manufacturing plant at Ince, Chester, and includes design, supply, erection and commissioning of all mechanical and electrical plant and equipment, with associated civil works for the solids handling system. The work should be completed and operational by the end of 1980.

*

Winthrop Laboratories has placed an order valued at £1.8m for the erection of an amenities block at Newcastle with RUSH AND TOMPKINS (NORTH EAST).

*

FYFE CARNEGIE, a Chichester-based company specialising in the design and supply of advertising slide rules and calculators, has signed a contract with the Belgian company CGL of Brussels, to distribute the products in Benelux countries. The contract is expected to be worth about £50,000 in the first year. The calculators are intended as promotional material, and can be used to replace manuals, brochures, price lists, time tables, and technical data sheets.

*

Contracts collectively worth more than £150,000 have been awarded to LIVERPOOL CASH CONTROL SYSTEMS. These repeat orders from large multiple retailers are for some 300 Norfrond Gold cash registers.

*

LESSER CONSTRUCTION has been awarded a £453,000 contract by Crest Hotels Europe to design and build a 48-bedroom and conference room extension at the Swindon Crest Motel, Stratton St. Margaret, Swindon.

*

ANMAC, Nottingham-based specialist GRP moulder, has two export orders, for the design and manufacture of cladding panels, to the Gulf Hotel, Bahrain and in Liberia for the Organisation of African Unity Hotel, together worth over £508,000.

*

Contracts together worth over £300,000 for mechanical services in two London office blocks have been awarded to ANDREWS-WEATHERFOIL, a Powell Duffryn group company. The work is at an eight-storey office block at High Holborn, London, for Townsend Thoresen Properties, and at a new three-storey headquarters office building for Danfoss, at Greenford, Middx.

*

BSP INTERNATIONAL FOUNDATIONS, Ipswich, has won export orders worth £2m for four T25 Trenchas for Mexico, a VW28 Vibro rig for Egypt, two Vibro leader sets for Spain, four Vibro leader sets, four 38RB cranes, four Vibro hammers and two Vibro leader sets for Iraq, and a 4-ton hammer for Iran. The T25s have been ordered by Constructor Metro SA de CV, which is a consortium formed to enlarge the existing underground Metro system in Mexico City.

*

Hertford House—home of the Wallace Collection of pictures and objects of art—is being rewired by HADEN YOUNG (part of the Haden Carrier Group) under a three-year contract worth £126,000.

*

EMI has installed a HONEYWELL 12,000 lines a minute page printing system at its computer centre in Hayes, Middlesex. The system cost £160,000.

*

PD POLLUTION CONTROL has been awarded an £800,000 contract by the Ford Motor Company to design and construct the water and waste-water treatment plant for the new engine factory in Bridgend, Wales. The plant will provide 150 cubic metre/hour of softened water to the factory, while the waste water section will be capable of treating up to 50 cubic metre/hour containing free and emulsified oils.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of	:	In Proceedings for the Reorganization of a Railroad
PENN CENTRAL TRANSPORTATION COMPANY, Debtor	:	No. 70-347
THE UNITED NEW JERSEY RAILROAD & CANAL COMPANY,	:	No. 70-347-A
BEECH CREEK RAILROAD COMPANY,	:	No. 70-347-B
THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY,	:	No. 70-347-C
THE CLEVELAND AND PITTSBURGH RAILROAD COMPANY,	:	No. 70-347-D
THE CONNECTING RAILWAY COMPANY,	:	No. 70-347-E
THE DELAWARE RAILROAD COMPANY,	:	No. 70-347-F
ERIE AND PITTSBURGH RAILROAD COMPANY,	:	No. 70-347-G
THE MICHIGAN CENTRAL RAILROAD COMPANY,	:	No. 70-347-H
THE NORTHERN CENTRAL RAILWAY COMPANY,	:	No. 70-347-I
PENNDEL COMPANY,	:	No. 70-347-J
THE PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY,	:	No. 70-347-K
THE PHILADELPHIA AND TRENTON RAIL ROAD COMPANY,	:	No. 70-347-L
THE PITTSBURGH, YOUNGSTOWN & ASHTABULA RAILWAY COMPANY,	:	No. 70-347-M
PITTSBURGH, FORT WAYNE & CHICAGO RAILWAY COMPANY,	:	No. 70-347-N
UNION RAILROAD COMPANY OF BALTIMORE,	:	No. 70-347-O
Secondary Debtors	:	

NOTICE OF EXCHANGE AND AVAILABILITY OF NEW SECURITIES OF THE PENN CENTRAL CORPORATION

Pursuant to Orders entered by the United States District Court for the Eastern District of Pennsylvania (Reorganization Court), the Plans of Reorganization (Plan) for Penn Central Transportation Company and its Secondary Debtors became effective on October 24, 1978, (Consummation Date) at which time the name of Penn Central Transportation Company was changed to The Penn Central Corporation. First Pennsylvania Bank N.A., and its agent, Fund Plan Services, Inc., Philadelphia, Pennsylvania has been named Exchange Agent for the purpose of distributing cash and/or securities of The Penn Central Corporation to the claimants entitled thereto, pursuant to the Plan.

HOLDERS OF SECURITIES

Holders of the following securities will, upon surrender of such securities, be entitled to receive cash and/or securities of *The Penn Central Corporation in accordance* with the Plan:

SECURITIES ELIGIBLE TO BE EXCHANGED
BONDS

Boston & Albany Railroad Co.
4¼% Improvement Mortgage Bonds Due 1978

Carthage & Adirondack Railway Co.
4% First Mortgage Bonds Due 1981

Kanawha & Michigan Railway Co.
4% First Mortgage Bonds Due 1990

Lake Shore and Michigan Southern Rwy. Co.
3½% Gold Mortgage Bonds Due 1997

Mohawk & Malone Rwy. Co.
3½% Consolidated Mortgage Bonds Due 2002

New Jersey Junction RR Co.
4% First Mortgage Bonds Due 1986

New York & Putnam RR Co.
4% First Mortgage Bonds Due 1993

New York Central & Hudson River RR Co.
3½% Gold Mortgage Bonds Due 1997

New York, New Haven & Hartford RR Co.
4¼% Harlem River Division First Mortgage Bonds Due 1973

Pennsylvania RR Co.
4¼% Series D General Mortgage Bonds Due 1981

Pennsylvania RR Co.
4¼% Series E General Mortgage Bonds Due 1984

Pennsylvania RR Co.
3⅛% Series F General Mortgage Bonds Due 1985

Pennsylvania RR Co.
3% Series G General Mortgage Bonds Due 1985

Sturgis Goshen & St. Louis Rwy. Co.
3% First Mortgage Bonds Due 1989

West Shore RR Co.
4% First Mortgage Bonds Due 2361

New York Central RR Co.
5% Notes Due 1974

New York Central RR Co.
5¼% Collateral Trust Bonds Due 1980

New York Central RR Co.
5¾% Collateral Trust Bonds Due 1980

New York Central RR Co.
6% Collateral Trust Bonds Due 1980

Battle Creek & Sturgis Rwy. Co.
1st Mortgage 3% Bonds Due 1989

Cleveland & Pittsburgh Railroad Co.
3% Series C General & Refunding Mortgage Bonds Due 1974

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% Series A General Mortgage Bonds Due 1993

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
5% Series B General Mortgage Bonds Due 1993

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4½% Series E Refunding & Improvement Mortgage Bonds Due 1977

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% St. Louis Division First Collateral Trust Bonds Due 1990

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% Cincinnati, Wabash & Michigan Division Mortgage Bonds Due 1991

Connecting Rwy. Co.
3⅛% Series A First Mortgage Bonds Due 1976

Elmira & Williamsport RR Co.
5% Income Bonds Due 2862

Pennsylvania, Ohio and Detroit RR Co.
3⅞% Series E First Refunding Mortgage Bonds Due 1975

The Michigan Central RR Co.
4½% Series C Refunding & Improvement Mortgage Bonds Due 1979

Northern Central Rwy. Co.
5% Series A General & Refunding Mortgage Bonds Due 1974

Northern Central Rwy. Co.
4½% Series A General & Refunding Mortgage Bonds Due 1974

Northern Central Rwy. Co.
6% First Mortgage Bonds

Pittsburgh, Youngstown & Ashtabula Rwy. Co.
4½% Series D First General Mortgage Bonds Due 1977

Pittsburgh, Youngstown & Ashtabula Rwy. Co.
5% Series C First General Mortgage Bonds Due 1974

Philadelphia, Baltimore & Washington RR Co.
4½% Series C General Mortgage Bonds Due 1977

Philadelphia, Baltimore & Washington RR Co.
3% Series E General Mortgage Bonds Due 1978

Philadelphia, Baltimore & Washington RR Co.
3½% Series F General Mortgage Bonds Due 1979

Philadelphia, Baltimore & Washington RR Co.
5% Series B General Mortgage Bonds Due 1974

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
5% Series A General Mortgage Bonds Due 1970

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
5% Series B General Mortgage Bonds Due 1975

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
3⅜% Series E General Mortgage Bonds Due 1975

United New Jersey RR & Canal Co.
2¾% General Mortgage Bonds Due 1976

United New Jersey RR & Canal Co.
4½% General Mortgage Bonds Due 1973

United New Jersey RR & Canal Co.
4½% General Mortgage Bonds Due 1979

United New Jersey RR & Canal Co.
3% General Mortgage Bonds Due 1973

New York Bay RR Co.
3½% Series A First Mortgage Bonds Due 1973

STOCK OF SECONDARY DEBTORS

Beech Creek RR Co.	common capital
The Cleveland, Cincinnati, Chicago and St. Louis Rwy. Co.	common preferred
Cleveland and Pittsburgh RR Co.	capital (guaranteed 7%) special guaranteed betterment 4%
The Delaware RR Co.	capital
Erie and Pittsburgh RR Co.	capital
The Michigan Central RR Co.	capital
The Northern Central Rwy. Co.	capital
The Philadelphia and Trenton RR Co.	capital
Pittsburgh, Fort Wayne & Chicago Rwy. Co.	common preferred original guaranteed 7% guaranteed special 7%
Pittsburgh, Youngstown & Ashtabula Rwy. Co.	preferred
The United New Jersey RR and Canal Co.	capital

SPECIAL NOTICE TO HOLDERS OF PENN CENTRAL COMPANY COMMON STOCK

Pursuant to the Plan of Arrangement for Penn Central Company, the holder of all of the stock of Penn Central Transportation Company, confirmed by the United States District Court for the Eastern District of Pennsylvania and in accordance with an agreement between the Trustees of Penn Central Transportation Company and the Penn Central Company, the Exchange Agent will accept Penn Central Company common stock and deliver in exchange The Penn Central Corporation common stock allocable to Penn Central Company under the Plan.

EXCHANGE PROCEDURES

A Letter of Transmittal with Instructions for surrendering any of the above listed securities of Penn Central Transportation Company or of the Secondary Debtors in exchange for cash and/or securities of The Penn *Central Corporation has been mailed to each holder of these securities as* of October 24, 1978, whose address was known. A Transmittal Form with Instructions for surrendering the common stock of Penn Central Company in exchange for the common stock of The Penn Central Corporation has *been sent to all holders of record of Penn Central Company common stock* as of October 24, 1978. These documents were not mailed to many holders whose identities are not known because their securities are in bearer form *or whose addresses are unknown. If you own any of the securities listed* above and you have not *received either a Letter of Transmittal or a Trans*mittal Form, you may obtain a copy by completing the form below and mailing it to the Exchange Agent. Separate Letters of Transmittal must be submitted for each Penn Central Transportation Company or Secondary *Debtor issue of security you surrender for exchange.*

SPECIAL NOTICE CONCERNING BONDS NOT TO BE ACCEPTED FOR EXCHANGE AT THIS TIME

The Indenture Trustees under the following mortgage indentures have filed appeals from the Reorganization Court's approval of the Plan:

New York Central and Hudson River Railroad (NYC RR Co.) Refunding and Improvement Mortgage 4½% Series "A" Bonds and 5% Series "C" Bonds due October 1, 2013;

New York Central and Hudson River Railroad Consolidation Mortgage 4% Series A Bonds due February 1, 1998;

New York Central and Hudson River Railroad Lake Shore Collateral 3½% Bonds due February 1, 1998;

New York Central and Hudson River Railroad Michigan Central Collateral 3½% Bonds due February 1, 1998;

New York Central Railroad 6% Collateral Trust Bonds Due April 15, 1990;

Penn Central 6½% Collateral Trust Bonds due April 15, 1993;

Mohawk and Malone Railway First Mortgage 4% Bonds due September 1, 1991

The Reorganization Court has prohibited distributions to any bondholder of an issue represented by an indenture trustee taking an appeal, until otherwise *ordered. The Court has reserved jurisdiction to* direct the distribution of whatever amounts of cash or securities to which such bondholders are ultimately determined to be entitled as a result of the appeals or proceedings on remand after the appeals. Consequently, at this time, the Exchange Agent will not accept any of these securities for exchange. If you deliver for exchange any of these bonds, the Exchange Agent will return the bonds to you.

SPECIAL NOTICE TO CERTAIN PRE-BANKRUPTCY CREDITORS OF PENN CENTRAL TRANSPORTATION COMPANY OR THE SECONDARY DEBTORS

The Plan provides that, with the exception of those contracts specifically assumed in accordance with the Plan, all pre-bankruptcy executory contracts of Penn Central Transportation Company or the Secondary Debtors are rejected as of June 21, 1970, with respect to the Penn Central Transportation Company; as of July 13, 1973, with respect to the United New Jersey Railroad and Canal Company; or as of July 12, 1973 with respect to all other Secondary Debtors. Pursuant to Orders entered by the Reorganization Court, no person, corporation, governmental unit or other entity having a claim against Penn Central Transportation Company or any of the Secondary Debtors arising out of the rejection of a pre-bankruptcy executory contract will be entitled to participate in the Plan, UNLESS such claimant files with the Proofs of Claim Administrator of The Penn Central Corporation a proof of claim on a specially authorized form on or before December 29, 1978. Proofs of claim not so filed will be barred forever. You may send your request for the prescribed form to

Proofs of Claim Administrator
The Penn Central Corporation
3210 IVB Building
1700 Market Street
Philadelphia, PA 19103

Proofs of claims previously filed in respect to such claims are not required to be refiled.

THE PENN CENTRAL CORPORATION

First Pennsylvania Bank N.A.
c/o Fund/Plan Services, Inc.
P.O. Box 8717
Philadelphia, PA 19101

Please send a Letter of Transmittal with Instructions in respect to the Plans of Reorganization for Penn Central Transportation Company, Debtor, or any Secondary Debtor, or a Transmittal Form with Instructions in respect to the Plan of Arrangement for Penn Central Company to:

Name ____________________________
(Please Print)
Street ____________________________
City ____________________ State ____________ Zip Code ____________
Name of Bond ____________________________
Name of Stock ____________________________

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

U.S. Steel to build casting plant in Ohio

By Stewart Fleming

NEW YORK, Nov. 14.

U.S. STEEL, the largest American steel producer, is to build a continuous casting steel plant in Lorain, Ohio. The company has not put a price on the investment but using the most modern technology it has been suggested by a company spokesman that such a plant could cost $100m.

The group has been carefully husbanding its investment resources in the past two years as the U.S. steel industry went through a severe slump. In the past few months it has indicated that it will be investing over $1bn in developing its diversification into chemicals.

It has long been argued that many steel companes in the U.S. need to modernise their plant. A major constraint, however, has been the low level of profitability of steelmaking in recent years.

Decision on Kennecott succession imminent

BY JOHN WYLES

NEW YORK, Nov. 14.

THE BOARD of the troubled Kennecott Copper Corporation is expected to discuss the appointment of a new chairman and chief executive this week following a change in the retirement plans of the current incumbent, Mr. Frank Milliken.

Although Mr. Milliken reaches retirement age in January, he had intended to carry on until the end of next November and to depart at the same time as the company's president, Mr. William Wendel, the former president of Carborundum Company acquired by Kennecott at the end of last year. However, the prospect of a re-run of the bizarre proxy battle with Curtiss-Wright appears to have helped change Mr. Milliken's mind and to have strengthened the view within the U.S.'s largest copper company that Curtiss-Wright cannot be effectively fended off with a weak management team.

The succession has been informally discussed by members of the Kennecott Board amid growing indications that the company may go outside for a new chairman and chief executive. This is believed to have been a factor behind the sudden and unexpected resignation last month of Mr. H. Eugene Richards, a Kennecott vice-president whose ambitions are said to have included the top job. Mr. Richards was one of the former Carborundum management whose expertise was claimed to be one of the less tangible advantages of the acquisition of the leading manufacturer of industrial abrasives.

When the Board meets on Friday it will also review the latest moves in the Curtiss-Wright saga. Kennecott has been trying through intermediaries to dissuade Curtiss-Wright from relaunching its bid to unseat the entire Board following a September 28 Court of Appeals judgement effectively nullifying the result of Kennecott's annual meeting last May which re-elected the present Board by a slim majority. Curtiss-Wright, which holds 9.9 per cent of Kennecott's stock, has reportedly been offered seven seats on the 17-member board

Danes buy stake in Prudential Building

NEW YORK, Nov. 14.

INTERNATIONAL Service System of Copenhagen, Denmark, has offered to purchase up to 500,000 common shares of Prudential Building Maintenance Corporation for $14 a share.

Prudential's directors have approved the making of the offer and have recommended that Prudential stockholders tender their shares.

Mr. Leo R. Fink, chairman of Prudential, and other members of management and members of their immediate families holding an aggregate of about 800,000 shares have indicated that they intend to tender all of their shares under the offer.

A related agreement provides for ISS to purchase an additional 250,000 newly-issued shares of Prudential at $14 a share after the purchase of 500,000 shares under its offer. These purchases will increase the ISS holdings of Prudential shares to a total of about 33 per cent.

This agreement also provides for a voting trust arrangement whereby ISS is expected to obtain voting control of Prudential.

Agencies

Somoza Government seeks reschedule of foreign debt

BY HUGH O'SHAUGHNESSY

THE NICARAGUAN Government of General Anastasio Somoza is seeking a rescheduling of its foreign debts, as foreshadowed earlier this month in a statement by Dr. Roberto Incer Barquero, the President of the Central Bank.

A Bank of America spokesman, quoted by AP, confirmed that the Somoza Government has called for negotiations on credits adding that the banks had little choice about accepting the call.

The Government's revenues and the country's foreign reserves have been hard hit by the popular insurrection and business strike aimed at the overthrow of Somoza rule in September.

General Somoza's difficulties have been augmented by the decision of the U.S. Government to block a credit of some $20m which he was seeking from the International Monetary Fund under its compensatory finance scheme. The Fund, meeting in Washington a fortnight ago, postponed for two or three weeks a decision on the Nicaraguan application.

The credit is likely to be approved when the Fund meets again to consider it later this month but the Nicaraguan Government may well find U.S. opposition to its supplementary request for a stand-by credit. The U.S. Administration is opposing IMF aid to Nicaragua as part of a strategy to secure General Somoza's departure from the presidency and to secure a reorganisation of the economy, hitherto strongly influenced by the Somoza family interests, on more open lines.

Nicaragua's debt service is estimated this year at $105m of which $61m represents principal repayments and the rest interest. By 1980 these figures are expected to rise to $122m and $84m respectively. The increasing bunching of Nicaragua's foreign payments was foreseen as many bank loans contracted after the disastrous Managua earthquake of 1972 are now falling due. This bunching exacerbated by the losses in the fighting in September and the attitudes of the U.S. Government underlie the present payments crisis.

In Caracas, Dr. Simon Alberto Consalvi, the Foreign Minister of Venezuela, whose government has taken a critical attitude to the Somoza administration, forecast that the present Nicaraguan Government would shortly "fall into the abyss." Venezuela is Nicaragua's principal oil supplier.

H & R Block plans expansion

KANSAS CITY, Nov. 14.

H. R. BLOCK is planning to diversify beyond its income tax-preparation business to increase its potential for greater earnings growth and is looking for acquisitions in service industries such as specialised computer services and insurance, according to Mr. Henry W. Bloch, president and chief executive.

"Ideally, we'd like to make an acquisition about every nine months and we're looking for good going concerns—not turnaround situations," he declared.

The company already has begun to diversify. In August it acquired Personnel Pool of America, a Florida-based concern that operates supplemental personnel offices. Block also wants to expand its door-to-door advertising distribution subsidiary—Consumer Communication Services Corporation.

Mr. Bloch also said the company is adding new twists to its tax preparation business. An example is group business where a company provides Block's tax preparation service to its employees as a fringe benefit. "This still isn't really meaningful in terms of our overall business, but we see the potential for tremendous growth," Mr. Bloch said.

In its fiscal year ended April, Block reported a net income of $25.3m or $2.26 a share on a revenue of $161.3m in its first quarter ended July 31. Block's net loss was $2.3m on a revenue or $8.7m. The company tpyically loses money in its first three fiscal quarters and is profitably only in the fourth quarter tax season. The company hopes eventually to be profitable all the year round by diversifying.

Mr. Bloch would not forecast earnings for the year but noted that the internal revenue service predicts Americans will file $91.1m tax returns next year—4 per cent more than this year. The growth in long-form filings is expected to exceed the increase in short-forms as inflation kicks people into higher tax brackets and makes their returns more complicated.

AP-DJ

Setback for J. C. Penney

NEW YORK, Nov. 14.

J. C. PENNEY, the second largest store group in the U.S., has suffered a decline of 5.6 per cent to $69m in net earnings in the third quarter of this year. Share earnings are down from $1.15 to $1.04. But sales, with a 16 per cent rise to $67.1m have maintained the trend shown earlier in the year.

At the end of the first 36 weeks, Penney's earnings are now 3.6 per cent up at $144m or $2.16 against $2.13 a share, on sales 18 per cent higher at $7.3bn.

In the second quarter, sales were 22 per cent up and earnings 21 per cent higher.

Agencies

RESULTS IN BRIEF

Cincinnati Milacron moves ahead

NEW YORK, Nov. 14.

NET INCOME of Cincinnati Milacron for the 16 weeks to October 7 moved strongly ahead from $5.27m or 72 cents a share to $9.19m or $1.23 a share, on sales up from $143.41m to $174.52m. Foreign currency gains this time were $406,000 or 5 cents a share compared with $237,000 or 3 cents a share in the corresponding period of 1977. The company, a major manufacturer of machine tools, also notched up a gain of $1.02m or 14 cents a share from a settlement of patents litigation.

For the first quarter of the current year, Thermo Electron moved up from 31 cents a share to 46 cents, while medical equipment maker Technicare slipped from 55 cents to 5 cents a share for the same period.

For the first nine months of the year, women's stores group Petrie Stores rose from $1.95 a share to $2.29, shipper Overseas Shipholding Group advanced from $3.11 to $3.67, and an electrical and metal products manufacturer, UV Industries, moved ahead from $2.94 to $3.84. Tampax Incorporated suffered a slight setback, with net earnings falling from $2.32 to $2.30, also for the nine months.

Standard Brands Paint rose from 62 cents a share to 70 cents for the fourth quarter, while for the full year Westvaco Corporation, the paper and printing concern, moved from $3.67 to $3.90.

Agencies

Tax credit helps Genesco

NASHVILLE, Nov. 14.

AN OPERATING loss of $1.5m is reported for the first quarter of this year from Genesco, the clothing and footwear group. A tax credit of $4.2m pulled the final net figure into a profit of $2.6m or 14 cents a share. In the comparable quarter, Genesco earned a profit of $4.3m, with a tax credit lifting the final figure to $7.4m or 52 cents a share. Sales for the quarter rose from $260.7m to $283.2m.

Agencies

Third quarter gain at Genstar

By Robert Gibbens

MONTREAL, Nov. 14.

GENS[illegible]ian building materials, real estate development and chemical group controlled by the Belgian Société Generale, earned C$22.4m (U.S.$26.3m) or C$1.68 a share in the third quarter, compared with C$20.3m or C$1.61 on fewer shares a year earlier. Revenues were C$311m against C$243m. Nine month earnings were C$51.7m or C$3.90 a share against C$47.4m or C$3.75 on revenues of C$776m against C$691m.

The company said that based on continuing strong demand for cement, higher land sales in western Canada and delivery of a backlog of pre-sold homes in California, it expects fourth quarter income to be higher than last year's C$17m or C$1.31 a share.

Mead fights on

Mead intends to pursue the "deficiencies" in Occidental Petroleum's proposed exchange offer in the Federal Court action pending in Dayton, reports Reuter. But the group has withdrawn a related appeal to the Ohio Division of Securities. Mead said it continues to disagree with the recent conclusion of the Ohio division in part because the division acted without "material and significant" documentary material.

Shell Canada sale

Shell Canada, a subsidiary of Shell Oil, has arranged with Wood Gundy to sell 10m preferred shares to a limited number of Canadian institutional investors for C$250m subject to obtaining all necessary commitments and approvals, Reuter reports from Toronto. The shares will have a cumulative floating rate dividend calculated on a quarterly basis equal to one half of the Canadian bank prime rate plus ¾ per cent. They will be retractable at the holder's option in 10 years and redeemable at the corporation's option upon 60 days notice.

Crane-Medusa

Crane and Medusa have amended merger terms to comprise cash and Crane debentures worth $50 a share, rather than debentures alone, Reuter reports from New York. Reasons given are the drastic changes in securities markets, interest rates and general business conditions.

Indiana Standard

Standard Oil of Indiana has entered a 35-year petroleum concession agreement with Sharjah, one of the United Arab Emirates, to explore an area of about 600,000 acres on the shore west of the Oman mountains, Reuter reports from Chicago.

Shenandoah Oil

Shenandoah Oil's shareholders have approved a plan of liquidation, AP-DJ reports from Forth Worth. The company already has agreed to sell producing properties in two of seven geographical areas, and will be accepting bids for remaining areas over the next two weeks.

Busy calendar for DM issues

BY FRANCIS GHILES

THE CALENDAR of new issues of Deutsche-Mark denominated international bonds will be substantially heavier in the six-week period up to the end of the year than during the past 30 days.

At its meeting last Monday in Frankfurt, the Capital Markets Sub-committee decided on a calendar of DM 1.6bn worth of new issues, two and a half times the amount issued in the past month.

The calendar was opened yesterday by a DM 400m issue for the World Bank. This had been delayed for two weeks due to adverse market conditions and uncertainty resulting from the possible issue of up to $10bn worth of U.S. Government foreign currency bonds.

The terms of this bullet issue, managed by Deutsche Bank, include a maturity of 10 years and a coupon of 6¼ per cent. Indicated price is par which suggests a yield of 6.25 per cent, much in line with current market conditions.

Indeed, prime domestic bonds are usually expected to yield on a comparable maturity, about one half-point more than foreign bonds. The Federal Government for instance is expected to announce a DM 1-1½bn issue in the next week, the longer term tranche of which would yield about 6.75 per cent.

Of the remaining DM 1.2bn, a DM 150m bond for Occidental Petroleum is expected from Westdeutsche Landesbank (November 20), a DM 100m offering for Oesterreichische Kontrollbank from Deutsche Bank (November 27); a DM 100-150m for Brazil from Deutsche Bank (November 30); a DM 60m issue for Nordic Investment Bank from Deutsche Bank (December 4; a DM 50m for an unknown European state address from Westdeutsche Landesbank (December 4); a DM 200m for an unnamed state borrower from Commerzbank (December 6); a DM 100m for an unknown address from Desdner (December 8); a DM 75m private placement for an unidentified address from West deutsche Landesbank (December 11); a DM 150m for a state guaranteed European name from Westdeutsche Landesbank (December 13): a DM 70m for an unknown address from Dresdner Bank (December 14) and finally from the same bank and again for an unknown address a DM 50-100m issue (December 18).

Opinion among German bankers as to how wise it was for the sub-committee to agree to such a hefty calendar, though spread out over six weeks instead of the usual four, was divided. The major worry centres on what form the Carter bonds might take, though nobody believes that they will be in the form of a public issue. The pessimists are also worried at what they feel is the lack of quality of some of the borrowers.

The secondary market in the Deutsche Mark sector was a fraction easier yesterday with some selling but no buying interest. The fall in prices was attributed by more than one dealer to the size of the new issue calendar.

In the dollar sector, trading conditions were quiet with prices slightly easier at the close.

Sterling-dominated bonds moved up a point after the announcement of better-than-expected October trade figures for the UK.

In the guilder sector the Fl75m issue for Norges Kommunalbank was priced at par and a half to yield 8.43 per cent by the lead manager, Amsterdam Rotterdam Bank.

The Government of Norway will sign a contract in Tokyo today with a syndicate of Japanese banks led by Daiwa Securities to float a Y10bn five-year bond. The coupon has been set at 5.6 per cent and the final price at 99½ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95½	95¾	0	−0¼	9.96
Australia 8½ 83	175	96½	97½	0	+0¼	9.45
Australia 9, 93	75	99	99½	0	+0⅛	9.43
Beatrice Foods ?? 83	100	95½	95½	−0¼	0	9.83
CECA 8, 87	50	93?	94½	0	0	9.82
CECA 9 93	25	96½	97½	+0⅛	+0½	9.36
CECA 9½ 98	25	97½	98½	+0¼	+0⅛	9.48
CNT 9 93	75	95	95½	+0¼	+1	9.61
Canada 8 83	250	95½	96¼	0	+0¼	9.37
Canada 8.20 83	250	95½	95½	−0¼	+0¼	9.30
Canada 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dominion Bridge Co. 9 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elsam Jutland 9 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 3 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hospital O/S 9 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Itel Finance ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Itel Finance ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. C. Penney ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mac. Bloedel ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 9 86	75	[illegible]	[illegible]	[illegible]	[illegible]	9.70
Newfoundland 9½ 90	50	96½	97¼	+0¼	+0½	9.70
Nord Inv. Bk. 9½ 88	25	96½	97½	0	+0¼	9.26
Norges Komm. 9½ 98	75	97½	97¾	+0¼	+0⅛	9.61
Norway 7¾ 83	250	93½	93¾	+0¼	+0¼	9.67
Norway 9¼ 83	150	97½	98	+0¼	+0⅛	9.57
Occidental 8½ 85	75	91½	92¼	−0¼	+0⅛	10.69
Ont. Hydro 8¾ 85	125	95½	95¾	−0¼	+0⅛	9.43
Quebec Hydro 9½ 93	50	97	97½	+0¼	+0⅛	9.85
Sweden 9½ 86	125	98¼	98¾	+0¼	+0⅛	9.65
UK 8¾ 83	200	96	96½	0	+0⅛	9.58
UK 8¾ 93	150	97½	97¾	0	+0⅛	9.42

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentine 6½ 88	150	96½	95¼	−0¼	−0¼	7.18
Asian Develop. Bk. 5½ 88	100	93½	99	−0¼	−1¼	6.39
Australia 6 88	250	101	101¼	−0½	−0¾	5.83
Austria 5½ 90	150	95½	96½	−0½	−0¼	6.25
Bank America 5¾ 90	150	99	99½	−0¼	−0¼	5.82
Dome. Ext. Alberie 7½ 85	100	96	96½	−0¼	−0½	7.95
CECA 6 88	150	97	97½	−0⅛	−0½	6.38
Canada 4¾ 83	600	97½	97½	−0¼	0	5.35
Chase Manhattan O/S 6 93	100	102	102½	−01	−0¼	5.77
Commerzbank Int. WW 3½	100	105½	105½	0	−0½	2.84
Commerzbank Int. XW 3½	100	82½	83	−0¼	−0½	5.82
Copenhagen City 6 90	75	95½	96½	−0¼	−0¼	6.49
Council of Europe 6¼	100	98	98½	−0¼	−1½	6.35
EIB 6 90	300	97½	97½	−0¼	−0½	6.30
Elf Aquitaine 5¾ 86	100	93½	98½	0	0	6.09
IBJ 5 84	100	97½	98½	+0¼	−0½	5.40
Indonesia 7 84	100	96½	97½	−0¼	−0½	7.62
Kobe, City of 5¾ 86	100	99½	100½	−1¼	−1¼	5.70
Light Servicos de Elec	150	97	97½	−0¼	−0½	7.22
Mexico 6 85	200	95½	96½	−0¾	−0½	6.95
Mitsubishi Petro 5¾ 85	100	101½	101½	−0½	−0¼	5.??
Nippon Steel 5½ 85	100	101½	102	−0¼	−0½	5.65
Norges Komm 6 90	100	99½	99½	−0½	−1½	6.07
Norway 4¾ 83	250	96	96½	−0¼	−1	5.35
Norwegian Ind. Bk. 6 90	125	96½	99	−0¼	−1	6.17
Petroleo Brazil 7 88	100	98½	99½	−0¼	0	7.14
Philippines 6½ 88	100	95½	95½	−0¼	[illegible]	7.66
PK Banken 5¾ 88	100	93½	94	−0½	[illegible]	6.67
Quebec, Province of 6 90	150	95½	96½	−0¼	[illegible]	6.58
Rautaruukki Oy 5¾ 88	50	93½	94	−0¼	[illegible]	6.68
Ricoh 5¾ 88	30	100½	100½	−0¼	[illegible]	5.12
Spain 6 88	200	96	96½	−0¼	[illegible]	6.54
Statoil 6 89	150	99½	99½	−0¼	[illegible]	6.05
Trondheim, City of 5¾	35	95½	95½	0	[illegible]	6.40
TDS Group 5¾ 93	65	96½	97	−0¼	[illegible]	6.99
Venezuela 6½ 90	150	94½	94½	−0½	−1½	7.70

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arlberg T...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asea ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Man...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CVRD ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark-Mortgage Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 4...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Smidth ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 4½ ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti-Liechtenstein ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 4...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick EPC ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newag 4 ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Nokia ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank ...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	98½	99	+0½	−0½	5.94
Australia 6.6 90	50	101½	102½	−0¼	−0¼	6.35
BFCE 6.4 90	30	96½	97½	0	−0¼	6.87
Eurofima 6.3 90	10	97½	98½	−0¼	−0¼	6.66
Finland 6.7 88	25	97½	98½	0	−0¼	7.08
Norway 5.7 83	25	103½	104	−0¼	−0¼	4.80
Oslo, City of 6.6 90	15	98½	99	+0½	−0½	6.92
SNCF 6.6 90	28	98½	99	0	−0¼	6.79
Sweden 6.3 90	40	96½	97	0	0	6.80

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank O/S Hold. 11½ AS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Auto Cote Basse 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 7 ... EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland Ind. Bk. 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komm. Inst. 7½ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Panama 8 ... EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE Mexico 7½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7½ 93 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neder. Middenb. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6¼ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¼ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BATL 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer Lux. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ 88 LuxFr	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland I. Pd. 8 88 LuxFr	250	95½	96½	+0¼	+0⅛	8.42
Norway 7¾ 83 LuxFr	250	96½	97½	−0¼	−0¼	8.64
Renault 7¾ 88 LuxFr	500	96	97	0	+0¼	8.25
Solvay Fin. 8 88 LuxFr	500	96½	97½	+0¼	+0¼	8.27
Swedish I. Bk. 8 88 LuxFr	500	99½	100½	0	−0¼	8.05
Citicorp O/S Fin. 10 93 £	20	83½	84½	+0¼	+0¼	12.42
Finance for Ind. 10 89 £	12	82½	82¾	+0½	+0½	13.37
Gestetner Hld. BV 11 88 £	10	86½	87	+1½	+1½	13.85
Oranjeboom 10½ 90 £	15	83½	84½	+1½	+1½	12.95
Whitbread 10½ 90 £	15	83	84	+0½	+0½	13.37

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 82	0¼	98½	99½	28/4	10½	10.72
Arab Intl. Bank M6.5 83	0½	95½	96½	31/1	9½	9.75
Banco Nac. Argent. M8 83	0½	96½	96½	21/1	9½	9.70
Bank Handlowy M5 88	1¼	96½	97	25/11	9.56	9.86
Bank of Tokyo M5¼ 93	0¼	96½	97	18/4	10½	10.85
Banque Worms M5¼ 85	0¼	97½	98½	15/12	9	9.20
Bq. Ext. d'Alg. M8.375 84	0½	97½	97½	9/2	9½	9.37
Bque. Ext. d'Alg. M7.5 85	0½	96½	96½	2/5	12½	13.20
Bque. Indo et Suez M5¼	0¼	97½	98½	25/1	9½	9.50
Bq. Int. Afr. Occ. M6.5 83	0½	96½	97½	12/2	9½	9.65
CCCE M5.25 98	0½	96	96½	3/2	9.19	9.55
CCF M5¼ 85	0¼	97½	98½	3/5	12½	12.38
Chase Man. O/S M5¼ 93	0¼	96½	96½	27/1	9.31	9.66
Credit National M5¼ 88	0¼	96½	97½	11/2	9.19	9.47
Gotabanken M6 88	0½	96½	97½	15/11	12.35	12.72
Ishikawajima M5¼ 85	0¼	97½	98½	27/4	11½	11.66
Ljubljanska M7.75 85	1	96½	96½	19/1	10½	10.61
LTCB Japan M5¼ 85	0¼	98½	98½	9/5	12.06	12.25
Midland Intl. M5¼ 93	0¼	96½	97½	28/1	9.44	9.72
Nat. West. M5¼ 90	0¼	97	97½	21/12	9.31	9.58
Nippon Credit M5¼ 83	0¼	98	98½	25/3	9½	9.67
OKB M5¼ 85	0¼	98½	99½	18/4	10.56	10.67
Offshore Mining 88	0¼	97½	97½	19/1	9.44	9.68
SFTE M8 84	0½	98½	98½	5/4	10.69	10.86
Standard Chart. M5.5 90	0¼	96½	96½	19/2	8.94	9.26
Sundsvallsbanken M6 85	0½	96½	96½	4/4	10.06	10.43
Utd. Overseas Bk. M6 83	0½	98½	99½	4/5	12.31	12.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	101½	101½	−0½	4.56
Baker Int. Fin. 5½ 93	1/79	34	96	97½	−1½	6.84
Boots 6½ 93	2/79	2.16	91½	92½	+1½	1.32
Coca-Cola Bottling 6½	4/79	4	81½	82½	−0½	12.98
Ito-Yokado 5½ 93	6/78	1473	136	137	−1½	0.29
Novo Industri 7 89	4/79	259	90½	91½	−0¼	0.47
Texas Int. Air. 7½ 93	4/79	14.5	80	82	−0½	15.58
Thorn Int. Fin. 7 88	11/78	3.67	99½	99½	+1½	4.51
Tyco Int. Fin. 8½ 88	9/78	21	95	95	−0½	24.31
Tyco Int. Fin. 5 84	5/78	61.5	71	73	0	178.84
Asahi Optical 3½ DM	12/78	568	95	96½	−0½	19.92
Casio Comp. 3½ 85 DM	11/78	892	103	104	−1½	1.32
Izumiya 3½ 86 DM	10/78	989	104	105	−0½	2.66
Jusco 3½ 86 DM	1/79	1278	96½	97½	−1½	12.40
Konishiroku 3½ 85 DM	1/78	612	95½	96½	−1½	6.05
Marudai Food 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata Man. 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Air. 3.5 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olympus Optical 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seiyu Stores 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stanley Electric 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio-Kenwood 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. FINANCIAL AND COMPANY NEWS

AKZO reduces third-quarter losses

BY CHARLES BATCHELOR

AMSTERDAM, Nov. 14.

AKZO, the Dutch chemicals and fibres group, experienced the usual seasonal downturn in the third 1978 quarter but still managed a small profit in the first nine months as a whole. Its operating profit improved sharply in the three month period, but high interest charges and the inability to claim further tax rebates on losses in Holland led to a small loss at the net level.

The company expects to make a very modest profit in the year as a whole, Dr. Henk Kruisinga, managing board member, said. The large number of uncertainties make it impossible to be more specific about Akzo's prospects, he said. The improvement in the latest quarter occurred ex[clusi]vely outside Holland with [Ak]zo's domestic activities show[ing] a worrying further decline.

The net lo[ss] in the third quarter was li[mite]d to Fl 12m ($6m) compare[d w]ith a loss of Fl 45.5m in the [sam]e 1977 period. The net result [in t]he first nine months, theref[ore] was a profit of Fl 3.8m com[pare]d with a loss of Fl 38.1m in t[he c]orresponding 1977 period.

Sales in the t[hird] quarter rose by 3 per cen[t to] Fl 2.54bn ($1.27bn), while [in t]he first nine motnhs they we[re n]early 2 per cent higher at F[l ...]bn. Volume sales in the ye[ar t]o date have risen 3 per cent [and] prices have improved by jus[t ove]r 2 per cent, but the increase [in t]he value of the guilder agai[nst o]ther currencies wiped off about 4 per cent.

Akzo's operating profit improved sharply to Fl 72.4m in the quarter from Fl 13.2m last year. In the January-September period, operating profit rose 51 per cent to Fl 264.1m Unable to set taxes against the sizeable losses in Holland Akzo faced a tax charge of Fl 22.5m compared with Fl 8.6m in 1977.

The operating loss of chemical fibres was limited to Fl 17m compared with Fl 58m in 1977. The loss in the first nine months was Fl 16m against Fl 88m.

Over-capacity in the chemical products sector continues but the nine months result of the coatings division was considerably better, due partly to strong demand from the vehicle industry Operating profit rose by Fl 6m to Fl 29m

The pharmaceuticals, consumer and other products division increased operating profit to Fl 60m from Fl 48m due partly to th econsolidation of two companies acquired in France. Investments in the quarter were around Fl 100m bringing the total this year to Fl 300m, a figure lower than the funds generated internally by the company.

A loss of Fl 24m was suffered on Swiss franc loans in the quarter, but the amount still outstanding was reduced to SwFr 100m from SwFr 170m. The group's world-wide workforce is now 83,000, 1,400 less than in January.

See Lex

Progress for Liquichimica rescue plan

ROME, Nov. 14.

ITALIAN banks have made further progress towards putting a salvage plan for Liquichimica into operation, by agreeing to put up funds for a marketing company to manage its commercial affairs.

The agreement to provide finance for AGESCO, the commercial company set up by a group of banks in conjunction with Bastogi Finanziaria, follows a decision to participate by Banco di Napoli.

Banco di Napoli had expressed reservations over participating in the Liquichimica salvage project, which covers only four of the company's six chemical plans in Southern Italy, because it is owed money by the two plants not covered.

The reservations of Banco di Napoli and other participating banks at one point threatened the salvage project, first in early August.

Unions have already taken steps to initiate bankruptcy proceedings against one Liquichimica plant, at Augusta in Sicily, in protest against the lengthy delays and the company's failure to pay workers their wages for several months.

Under the salvage agreement, AGESCO is to receive L30bn. ($35.8m) in new credit in order to buy raw materials and get the four plants working.

The banks have also agreed to put up funds to finance the completion of Liquichimica's saline plant in Calabria, built to produce synthetic oil-based proteins, but which has been standing idle for 18 months because of a Government ban on production of these proteins.

However, for the salvage project to be put into operation, the banks are still waiting for L11bn in new funds to be provided by the Cassa per il Mezzogiorno, the state fund which finances industrial development in southern Italy, to help pay overdue wages.

This money would be part of the subsidies to Liquichimica to finance construction of its Augusta plant, and the Cassa recently said it would be prepared to make it available provided the banks guaranteed the plant's future operation.

Reuter

MAN improves earnings again

BY OUR FINA[NCI]AL STAFF

ONE OF Wes[t G]ermany's major engineering an[d] commercial vehicle compan[ies] Maschinenfabrik Augs[burg]-Nuernberg (MAN), is raisin[g i]ts dividend after a 12 per ce[nt j]ump in net profits to DM67.[..] ($36m) for the financial year [to J]une 30.

The announcem[ent] follows a broad hint made [by] MAN in August, when [it] reported a "satisfactory r[esult]," which would allow the [pay]ment of an appropriate divid[end].

The payment to [sh]areholders will go up to 14 [per] cent from 12 per cent, or to D[M7] from DM6 per DM50 share. [U]nder Germany's new corpora[tion] tax law, effective since the [1]977 fiscal year, domestic shareholders will be entitled to a DM3.94 tax credit, making a total effective payout of DM10.94 per share against DM9.37 the previous year.

MAN is three-quarters owned by Gutehoffnungshuette (GHH), one of the biggest engineering groups in Western Europe. It has already reported total turnover of DM6.7bn against DM6.3bn, of which the parent company accounted for DM4.4bn compared with DM4.1bn.

The improvement in MAN's profits follows a gain of some 10 per cent during the previous year. The company has given no indication of progress in the current financial period, but noted back in August that the plunge by the dollar and higher domestic labour costs were causing problems.

MAN has been spreading its wings internationally in recent months. Last month it said it was taking a near 13 per cent stake in White Motor, a U.S. truck manufacturer, following this up with the purchase of Wood Industries, a printing equipment maker.

With the aim of establishing itself firmly in the medium section of the truck market in both Europe and the U.S., MAN also intends to spend at least DM135m. On its home ground, it has joined with Volkswagen in strengthening both companies' commercial vehicle links by setting up joint distribution companies throughout Europe.

German bond to be issued this month

FRANKFURT, Nov. 14.

WEST GERMANY'S n[ext] Government bond, expected [to t]otal up to DM 1.5bn ($800m) [w]ill now be issued at the en[d] of this month, having been [p]ostponed from the end of Octo[ber] until market conditions improved.

The exact size of the loan will be decided at a meeting [of] the issuing consortium next Tuesday, according to market sources here.

If the final total is set [at] or near the DM 1.5bn level, it will probably be issued in [two] tranches nine and 10 years, [or] six years, and the other [be]tween nine and 10 years, they said.

At present, however, the market is too volatile for any estimate of likely conditions in over a week's time.

One dealer said that a 10-year tranche might bear a coupon of around 7 per cent and be priced at par. This would compare with the DM 500m 6.5 per cent 10-year Federal Government bond priced at 99 per cent and issued in August.

If the new federal loan is as large as expected, some of it will probably not be issued immediately, but be held in reserve by the Bundesbank for market regulating purposes.

The last federal bond issue, in two tranches, totalled DM 1.4bn of which DM 1.2bn was placed on sale by the issuing consortium in September, while a further DM 100m from each tranche was held in reserve.

The sources felt that Federal Government should have little difficulty in fulfilling its gross financing requirements for this year, which now amount to less than DM 25bn.

Meanwhile, the German Finance Ministry is offering an unspecified amount of six-to-10-year promissory notes or schuldscheine today.

The notes carry yields of 6.55 per cent for six years, 6.70 per cent for seven years, 6.75 per cent for 7½ years, 6.85 per cent for eight, 6.88 per cent for 8½, 6.92 per cent for nine, 6.95 per cent for 9½, and 6.97 per cent for 10 years.

The notes with shorter maturities should be greeted with modest success, while the 6.97 per cent yield on the 10-year maturity is felt to be a little tight.

Reuter

South Africa raises $250m loan

BY QUENTIN PEEL

JOHANNESBOURG, Nov 14.

SOUTH AFRICA has succeeded in raising loans on the Eurobond markets amounting to some $250m, the Ministry of Finance announced in Pretoria today.

The loans, the South African Government's first for more than two years, were finalised by Senator Owen Horwood, the Minister of Finance, who returned from Zurich today. They were described as "quite a breakthrough for South Africa" by a senior official.

The major loan is a five-year credit of $150m, carrying a spread of 1½ per cent over London interbank rates. Three banks have been involved in the loan, Deutsche Bank, Dresdner Bank and Union Bank of Switzerland.

While confirming those terms, Mr. Joop de Loor, the Secretary for Finance, declined to give any further details. He would only say that Mr Horwood had also finalised "other loans that make up at least another $100m, which were on "comparable terms" to the major package. All the borrowing consists of private placements.

Recovery for Saint-Gobain papermakers

BY DAVID CURRY

PARIS, Nov. 14.

AFTER A severe loss this year and a recovery next, the papermaking operations of Saint-Gobain-Pont-a-Mousson should return to profits in 1980. This forecast was given yesterday by M. Michel Besson, the chairman of La Cellulose du Pin, which is St. Gobain's main subsidiary in this field.

Last year, La Cellulose lost almost FFr 191m ($44.36m), while its two full subsidiaries, Condat, FFr 6.3m in the red, and Papeterie de la Seine with losses of FFr 27.1m, brought the deficit to around FFr 220m compared with about FFr 157m in 1976. Of this, about 80 per cent was attributable to the group, reflecting St. Gobain's stake in La Cellulose.

This year, results will be worse than those of 1977, and as the parent company stake is now nearer 80 per cent in La Cellulose, the losses will weigh proportionately heavier on group results.

The division's programme over the next five years is based on the belief that there will be very little recovery in its basic markets, which cover Kraft liner, corrugated cardboard, paper sacks and paper for bag making. The only bright spot for La Cellulose is its cardboard carton maker Socar and the improving performance of its main factory at Facture, near Bordeaux, as operations are transferred to it from other factories.

The main weaknesses according to M. Besson, are the cost of raw materials and inadequate productivity. He estimates that the cost of standing timber per square metre in Aquitaine is about three times the $3.90 it costs U.S. companies to buy.

La Cellulose's plan, set out in 1977, was based on concentrating as far as the packaging sector was concerned on corrugated cardboard boxes and paper bags; and on centralising at Facture production of common or garden products like cardboard. This has already involved factory closures, and more will come.

In the two years to the end of this December, the paper division will have shed 1,370 people, and at least a further 700 will follow.

In the paper sector, the Roquefort factory was shut in January with the loss of 468 jobs, and the production of pine pulp has been stopped at Condat in favour of importing the raw material. The manufacture of pulp from deciduous trees has been discontinued at Begles. These measures have cut pulp production by 100,000 tonnes a year.

La Cellulose has also sold its minority stake in the paper distribution concern AFT-Cenpa.

The price of wood delivered to the factory gate has been pushed down by 25 per cent by a combination of internal measures and pressure exerted on forest owners. M. Besson reckoned that over the past two years, productivity has risen by 25 per cent and the price of raw materials had dropped by the same proportion.

The group is shutting its bag-making plant at Nanterre in order to improve the performance of its three remaining plants, and is likely to concentrate production of cardboard cases, which is at present strung out over four plants.

M Besson said that over the next few months the main efforts would go into improving Facture's position as a supplier of cardboard for packing cases, eventually using old paper as a raw material, and to pushing ahead with the policy of forcing down the price of timber

BY ANDREW TAYLOR

A washing machine group pulls back from the brink

JUST 18 months ago Wilkins and Mitchell, the Servis washing machine group, lay besieged on almost every front as crisis threatened to engulf the business.

Product demand had slumped at a time when the group had embarked on an ambitious programme to increase washing machine output for a stagnant UK market. Beset by management and industrial relations problems, the group had also seen its previously profitable Australian business move into losses.

One Wilkins director says: "The life of this company was being measured in minutes." Yet from this recipe for disaster, the group now says it has—under a new management team—put its house back in order. Borrowings have been reduced, financial controls strengthened and profits are back on an upward curve, says Wilkins.

Last year the group made £64,000 pre-tax profit following losses of £1.8m and £521,000 in 1975-76 and 1976-77. So last month's news that Thorn Electrical had unloaded, at a loss, the 16 per cent stake in Wilkins it bought in 1973, is not a sign of continuing weakness. "We are not leaving them in the lurch," says Mr Harold Morgue, Thorn's finance director.

The other side to Wilkins' business is the manufacture of heavy duty presses which traditionally generates up to around 25 per cent of group profit.

In the months running up to Christmas, 1973, Wilkins had been firing on all cylinders. Industry demand for heavy presses had peaked a few months earlier leaving a solid order book, while consumer spending was running at record levels. Sales of washing machines were booming.

Then came the three-day week, production of presses was delayed; a backlog of uncompleted orders began to build up and cash flow strains started to appear. Mr. Ken Horton, financial director of the press business, said that before the three-day week his division had been just £25,000 short of its target of £450,000 trading profit for the year. Three months later the division turned in annual profits of around £250,000.

At the same time the rising trend in washing machine sales began to falter while the level of imported machines—notably from Italy—was steadily increasing.

In 1973 UK sales of washing machines rose to a record 1.6m units. The following year this slumped to 1.2m units as hire-purchase controls were re-introduced and inflation started to take off hitting consumers' spending power. Since then sales have not risen above 1.4m units and last year washing machine sales dipped back to 1.3m units although there has been some recovery this year.

In spite of this slump in 1974 the group opted to press ahead with a £11m expansion plan—and two thirds of the cash was earmarked for the washing machine division. It acquired a new factory at Telford — closed nine months ago.

While Wilkins initial decision to expand washing machine production may be defensible—it says that there was no indication at that time that what appeared then to be a market hiccough would become a major slump—the group admits that its later decision to press ahead with expansion was nothing less than foolhardy.

In 1973/74 the group was producing around 5,000 washing machines and dryers and it planned to lift this output to around 8,000 units a week.

Since its cash flow crisis in 1976-77 the group has scrapped its plans to rival Hoover and Hotpoint sales and Wilkins says it has carried out an extensive overhaul of its marketing operations and has tailored production to meet "clearly identified demand."

Depleted stocks

Production is currently running at just over 6,000 units a week and Mr. Henry Wilkins, the chairman, says that demand is continuing to run ahead of output. Although stocks are depleted—at one stage last month the group had just 78 of its best selling twin tub machines in stock—there are no major plans to increase production.

"We do not intend, again, to fall into the trap of jeopardising the long-term future of this group by chasing short-term profits or market share," says Mr Wilkins. "We are only too well aware of the dangers of taking men on one week only to have to lay them off the next." The domestic appliance labour force has been cut from its peak of 2,800 in 1974 to just over 2,300—at a cost of more than £1m in redundancy pay.

Financial controls have also been tightened. Mr Wilkins says that a number of retailers and component suppliers came to the group's assistance when financial pressures threatened to overrun the business in early 1977. "In some cases, retailers would make almost same day payment for delivery of goods while component suppliers agreed to wait longer for their money—and with no security."

The group has also strengthened its product range and says it has developed the first "computer" controlled washing machine incorporating a micro-processor. It is indicative of the group's new found caution that production of this machine has been limited, although a retail price of around £300 puts it beyond the pocket of the average housewife. The group has also launched a new 6 lb load tumbler dryer which it hopes will lift its share of the UK tumbler dryer market from 11 per cent to 20 per cent.

Wilkins says that the introduction of new models aligned to better marketing methods, plus tighter financial controls and an upturn in demand for its products has put the group on its most sound footing for two years.

Its best selling model however remains the twin tub, accounting for 40 per cent of production. Sales of twin tubs were worst hit when the market turned sour and the twin tub share of the total UK washing machine market has fallen from around 80 per cent to about 35 per cent since the introduction of automatic machines.

However, Mr. Wilkins reports that twin tub demand has started to improve slightly. There has been particularly good demand overseas.

The group says that the heavy presses side has also made good progress. After the three-day week Wilkins ran into serious problems on its pricing policy as inflation ran ahead to record levels. "In such a highly competitive industry there was no way we could claw back all of this from customers," says Mr Horton.

The group now says it is competing more or less equally on price with overseas manufacturers while there has been an increase in orders from UK industry.

The increase both in washing machine and press demand has come at a good time for the group which is still having its troubles in Australia where losses have totalled £1.2m in two years.

The group says it has taken 18 months to put itself back on a sound footing. The turning point, it says, came in spring last year when Mr. Harry Wilkins successfully negotiated a £5m overdraft facility to keep the concern in business. The last balance sheet, however, showed net borrowings of £2.45m against shareholders' funds of £5.1m: a gearing of 48 per cent. Wilkins says there has been further improvement.

The next set of interim and annual figures may show just how far Wilkins' own particular problems are solved but washing machine manufacturers, generally, are not optimistic about the industry's future.

JAPANESE NEWS

Record profits for securities houses

BY RICHARD C. HANSON

TOKYO, Nov. 14.

JAPAN'S four major securities companies today reported record profits and revenues for the year to September 30—as surplus money continued to pour into the stock market and national bond issues led a boom in bond underwriting and sales.

Volume on the Tokyo Stock Exchange during the year reached a new average daily high of 280m shares in the year just ended, up from an average of [illegible]4m shares in the prior year. The Nikkei Dow Index soared from a low point in November last year of 4,597.38 to a new record high reached on the last day of the accounting year of [illegible]783.16. New highs are expected this half-year with volume rising to about 315m shares a day, according to some forecasts.

Nikko Securities, the second largest after Nomura, showed the best gains in both [illegible] profit and revenues. Net income was up 34.6 per cent to Y32.59bn ($173m) from Y24[illegible]n in the prior year. Revenues, which include commissions, interest and income and profit on sales of securities gained [illegible] per cent to Y151.71bn ($[illegible]) from Y125.55bn.

Nikko move further into the higher quality share business in which commissions are larger. Its average per share commission rose to Y3.8 from Y[illegible]. Interest income rose in spite of a lowering of interest rates during the year.

Typically among [illegible] houses, bond business at N[illegible] soared with underwriting of corporate and Government related bonds up 54 per cent to Y1[illegible]bn, with a fairly large part in Government bonds. Nikko's secondary market bond trading rose 26 per cent, but the major source of increased income in this sector was in underwriting, up 88 per cent to Y12.8bn from Y6.8bn.

Nomura Securities reported that its revenues in the year gained 9.3 per cent to Y202.83bn from Y185.59bn ($987m). Its net profit gained 16.7 per cent to Y40.72bn ($217m), from Y35.18bn. Stock revenues were up 13 per cent, while bond sector revenues gained 43 per cent.

Daiwa Securities maintained its third place ranking, with net profit of Y16.44bn ($87.4m), up 17 per cent from Y14.03bn. Revenues gained 10 per cent to Y112.29bn ($597m), from Y102.02bn. The company forecasts a further 22 per cent increase in net profit and an 18 per cent gain in revenues this year. Daiwa's bond underwriting business was up sharply by 72 per cent, with about 25 per cent of that in National bonds. Bond commissions increased 44 per cent.

Yamaichi Securities posted a net profit of Y14.16bn ($75.3m), up 13.8 per cent from Y12.44bn. Revenues were up 11.7 per cent to Y106.09bn from Y95.012bn. It showed a 49.7 per cent rise in bond income.

Behind the rise in stock trading is a continued slump in capital spending by corporations here, leaving large amounts of funds for investment in stocks. It is expected that this surplus will continue and that supply and demand factors in the market will keep prices firm. Nikko Securities forecasts that the 6,000 level for the Nikkei Dow Index will be broken with a possible peak of 6,400-6,500 in the January-March quarter next year.

Nippon Kokan earnings and sales decline

BY OUR FINANCIAL STAFF

NIPPON Kokan (NKK), the second largest Japanese steelmaker and a major shipbuilder, has reported a fall of 18.4 per cent in after-tax profit for the first half of the financial year to [illegible]98bn ($15.9m), from Y3.65bn in the same period last year.

This comes a day after Nippon Steel, the world's largest steelmaker, had reported a rise of [illegible]7 per cent to Y10.70bn in net profit for the six months to September 30—but announced that it would have shown a loss but for foreign exchange gains and other special items.

It also comes on the day when Nisshin Steel, the sixth largest integrated steelmaker in Japan and a specialist in stainless steel products, has announced a slight rise in after-tax profit for the half-year, by 1.2 per cent to Y3.51bn ($18.7m), from Y3.47bn.

Sales at NKK fell [illegible]3 per cent in the half, to Y[illegible]2.48bn ($2.8bn), from Y600.[illegible], but the company expects sales in the second half to rise to Y620bn—on the assumption that crude steel production will be 6.7m tonnes, against 6.65m in the first half, and that the yen will settle at about Y190 to the dollar.

NKK realised a foreign exchange a profit of Y9.7bn as a result of the rise in the yen.

Its steel sales were reported to have fallen slightly, to 5.76m tonnes as a result of lower exports, while sales at its shipbuilding and heavy machinery divisions were also lower. The improved value in steel sales, backed by price rises, offset deficits in operating accounts at the other two divisions.

Nisshin Steel's sales in the half-year fell by 3.9 per cent to Y142.24bn ($757m), from Y148.01bn.

Nisshin has declared an unchanged interim dividend of Y2.5. At NKK, the interim dividend is again passed.

Sharp gain for electric wire maker

TOKYO, Nov. 14.

SUMITOMO Electric Industries, the Japanese electric wire and cable manufacturer, raised its after-tax profit by 41 per cent in the first half-year to Y2.58bn ($13.7m), from Y1.58bn in the first half of 1977-78. The company, however, expects net profits to rise more sharply in the second half, to reach Y5.80bn, 46 per cent more than in the previous year.

The company has [illegible] its interim dividend at the previous Y2.5. It says that the question of raising the full year's dividend to Y6 has yet to be decided but that it hopes at least to maintain last year's Y5.

Sales in the first half rose 12 per cent to Y150.49bn ($[illegible]m), from Y134.32bn, but this rate of growth is not expected for the full year—for which a rise of 5.5 per cent to Y310bn is forecast.

Increased sales of electric wires and cables and a decline in the cost of materials, as well as lower interest payments, contributed to the first half profits gain. Better business in the second half is expected to be backed by good sales to the car industry.
Reuter

Sumitomo HI down

TOKYO, Nov. 14.

AFTER-TAX profits of Sumitomo Heavy Industries, the heavy machinery and shipbuilding concern, fell by almost 95 per cent in the first half of the financial year, to Y110m ($585,000), from Y2.05bn in the six months to September 30, 1977. No interim dividend is declared, whereas last year Y3 was paid.

Sales also fell, by 14.9 per cent to Y95.94bn ($510m), from Y112.76bn.
Reuter

Sears yen bond issue nearer approval

By Our Own Correspondent

TOKYO, Nov. 14.

THE SECURITIES industry and banks may be able to reach agreement by the end of the year to clear the way for Sears, Roebuck and Co, the U.S. stores group, to issue the first yen denominated foreign corporate bond in the Tokyo capital market, an official at the Finance Ministry said today.

It appears now that the Finance Ministry will allow Sears to issue a straight bond once the matter of securing the bonds is finally resolved. It has been common practice for Japanese companies to issue bonds with a commissioned bank guarantee since the 1930s. The banks have been reluctant to give up this practice, partly because of the income they derive from the practice. The other issue which remains unresolved is which companies will be allowed to issue unsecured bonds. Only a handful would qualify for the AAA status of Sears, but a workable system for rating is still in the making.

Sears' executives are reported now to believe they will be able to come to the market shortly after the first of the year, probably for Y20-25bn. Nomura and Daiwa Securities have been selected as co-managers. The Finance Ministry official said that it would take one month to issue a bond after formal registration. There will also have to be a somewhat lengthy examination of Sears' financial statements and other documents. Sears has been interested in issuing in yen, partly because it has yen income from a local joint venture with the Seibu Stores group to offset any exchange risk.

TAL offer above net asset value

By Anthony Rowley

HONG KONG, Nov. 14.

THE HK$10 per share in cash being offered to minority shareholders in Textile Alliance (TAL), a mainly Japanese-owned group with operations in various parts of Asia, compares with a net asset value of HK$5.32 (U.S.$1.[illegible]) a share.

This is stated in the offer document for the bid by the majority shareholders, which is to be effected by a scheme of arrangement. These shareholders are the Japanese companies, C. Itoh and Toray Industries, as well as Jardine, Matheson and Co. and Lees Investment Corporation in Hong Kong. Together they own 91.75 per cent of TAL.

The Textile Alliance chairman, Mr. David Newbigging — who is also chairman of Jardine — tells minority shareholders in the document that although certain TAL properties are probably worth more than their book value (they have not been professionally valued for purposes of the offer), and although the value of the group's textile quotas are not reflected in the accounts, such adjustments would still be unlikely to match net asset values with the offer being made.

Though some improvement in trading prospects has been experienced — TAL has made losses for the past four years— the group still faces problems with its spinning operations, particularly in Mauritius, and in its dying and finishing operations in Malaysia and Hong Kong. Mr. Newbigging says that in view of this, no profit forecast can be offered, nor can it be said when the group is likely to return to paying dividends.

Opposition to Australian inflation accounting moves

BY JAMES FORTH

SYDNEY, Nov 14.

THE INSTITUTE of Directors in Australia today declared that it did not support the proposals of Australia's accounting bodies on current cost accounting (CCA). The council of the institute said that there appeared to be a lack of support at present for CCA, a method of accounting for inflation, from within the accountancy profession, the business community generally and from government.

The accounting bodies—the Australian Society of Accountants and the Institute of Chartered Accountants in Australia—promptly replied, indicating they did not intend to change their stance on CCA, and saying that a number of large Australian companies were already obtaining management information on a current cost basis.

The bodies said that they believed that more Australian companies would take this course —and in line with their recommendations, make this information known. The CCA proposals by the accounting bodies call for companies to present their accounts on the traditional, historical accounts basis, but for periods starting on or after July 1, 1978, to provide supplementary information on a CCA basis. This would mean that the accounts of Australian companies for 1978-79 would carry supplementary CCA information.

The institute said it was concerned at the detrimental effects of inflation on the community, and acknowledged that financial statements of companies based on historical cost could be insufficient and misleading.

But the Institute added that it could not support the proposals of the accounting bodies at this time. Reasons for this view included: concern over the acceptability of the basis of CCA; the apparent lack of support of the proposals; little apparent benefit to shareholders from the information; the potential for confusion in the mind of readers of the supplementary information; the scope for significant inconsistencies of application by companies; the subjectivity of the information; and the dangers of misinterpretation.

The Institute said that it supported the efforts of the accounting bodies in seeking a solution, and that continued research should be encouraged and undertaken, recognising that the method of accounting eventually adopted in Australia should be at least closely in harmony with the methods used by its major overseas trading partners. It suggested that any further research be undertaken in conjunction with the accountancy profession overseas. It also said that the present framework of historical cost accounting should be retained until an alternative and complete method, based on sound concepts which were logically developed, had been debated and was acceptable to governments, the accountancy profession, the business community and investors locally and overseas.

The accountancy bodies replied that their proposals enabled a solution to be evolved through practical application by encouraging companies to publish CCA information on a supplementary basis. This would illustrate to government and others how the burden of taxation could be unduly harsh on companies, particularly those in capital intensive industries, when it was levied on paper profits and not real profits.

The bodies said that the present proposals were broadly in concert with overseas developments, particularly the UK and U.S., where supplementary information about current costs was already being disclosed.

They claimed that more than 40 per cent of UK listed companies and 70 per cent of the 100 largest listed companies were already complying in some degree with "Hyde guidelines," while in the U.S. it had been obligatory on large companies since 1975-76 to disclose similar information.

The world was moving closer to a system that took account of changing prices and changing money values and the South African accounting body had recently issued guidelines on CCA, while guidelines were planned in New Zealand. The Australian bodies were fully participating in international developments and thought it desirable to continue with research and development in Australia. The profession was at present developing an educational programme for its members and others concerned, including senior management of corporations.

Papermakers end association

BY OUR OWN CORRESPONDENT

SYDNEY, Nov. 14.

AUSTRALIAN Newsprint Mills Holdings and the New Zealand group Tasman Pulp and Paper Company have agreed to unwind a longstanding cross-shareholding, largely because of a recent decision by the Australian company to build a large A$160m (US$184m) newsprint mill in New South Wales.

Shareholders of ANM will be offered on a pro rata basis the shares in their company held by Tasman, while Tasman shareholders will similarly be offered the shares in their company at present owned by ANM. The latter has 8m Tasman shares, or just over 20 per cent of the New Zealand company, while Tasman has 2m ANM shares, or 16 per cent of the capital. On this basis the ANM shares will be offered as to about one for every five held, and Tasman shareholders will be offered shares as to one-for-four. ANM will act as Tasman's agent for the sale of shares in Australia, and Tasman will do the same for ANM in New Zealand.

The directors of ANM said that the sale of the shares had arisen as a result of the decision to build a new mill in NSW, because the original reasons for the share exchange were no longer valid. The reversal of the original exchange was being undertaken "with the utmost goodwill on both sides," they added.

Funds from the sales would assist the liquidity requirements of both companies. ANM would use the funds towards early financial commitments of the new mill project.

The original share swap was carried out back in 1962-63 and reflected a long term relationship between the two companies for the supply of NZ pulp to Australia.

The new mill planned by ANM is due to start production in 1981 with an annual output of 180,000 tonnes of newsprint a year, and will mean that Australia will be about 70 per cent self sufficient in its newsprint requirement. Tasman Pulp obtains more than 70 per cent of its revenue from exports. Under the New Zealand-Australian Free Trade Agreement (NAFTA) Tasman was expected to supply about $9 per cent of Australia's imported requirements, but New Zealand maintains that this has not been met. Tasman last year ran into liquidity difficulties which resulted in the New Zealand Government and the NZ group, Fletcher Holdings pumping more funds into the group.

Early this year, Fletcher, which is 22.3 per cent owned by the Australian group, Reed Consolidated, also bought out the holding of the UK group Reed International. Tasman is now owned 36.5 per cent by Fletcher, 34 per cent by the New Zealand Government, 20.6 per cent by ANM and almost 9 per cent by the New Zealand and Australian public. After the distribution of the ANM shareholding, Fletcher would own about 45 per cent, the New Zealand Government 42.5 per cent and the New Zealand and Australian public just over 12 per cent.

Full-time auditors plan

TOKYO, Nov. 14.

THE LEGISLATION Council, an advisory body to the Justice Ministry, is considering a plan to revise the Commercial Code to make it compulsory for Japanese companies to have full-time auditors to tighten their auditing and to prevent window-dressing of their business results.

The present Commercial Code requires Japanese companies to have one or more auditors, who are elected by the Board of directors, and who may not necessarily be full-time auditors.

The proposal would have the Commercial Code revised so that all Japanese companies above a certain size would have more than one auditor elected by the shareholder meeting, including at least one full-time auditor.

The plan would also give auditors powers to call a meeting of their company's Board in the event of their finding violations of laws or the articles of association, and to call a shareholders' meeting if necessary.

Other plans being considered by the council concern defining the shareholders' rights to pose questions and to make proposals at shareholders' meetings, and introduction of the new institution of management committee, a kind of inner Cabinet.

These plans, if adopted, will be submitted to the Justice Ministry, which will draft a Bill for revising the Commercial Code along these lines for presentation to Parliament.
Reuter

Corporate advances

TOKYO, Nov. 14.

THE 350 Japanese companies which have so far reported results for the six months to September 30 made an average increase of 12.4 per cent in after-tax profits, according to a survey by the financial daily, Nihon Keizai Shimbun.

This compared with an average fall of 1.5 per cent in the preceding half-year.

Interim profits before tax and special items showed an average increase of 13.7 per cent, compared with a rise of 2.3 per cent in the preceding six months.
Reuter

Kowloon Motor Bus

HONG KONG, Nov 1[illegible]

KOWLOON MOTOR BUS COMPANY (1933) has effectively raised its interim dividend. The payment is held at 10 Hong Kong cents for the year ending February 28, on capital increased by one-for-eight scrip issue.
Reuter

State loan to Singapore Air

SINGAPORE, Nov. 14.

THE state-owned Post Office Savings Bank has signed a S$200m (U.S.$92.1m) loan agreement with Singapore Airlines.

An official of the bank declined to give the interest rate or the period of loan, but the state-owned Radio Singapore said the loan was to be repaid in 19 years.

The loan is being offered to the state-owned airlines on very special terms to promote national development, the bank official said.

Funds raised are to be used to finance the airline's fleet expansion and development of facilities at the new Changi airport now under construction.

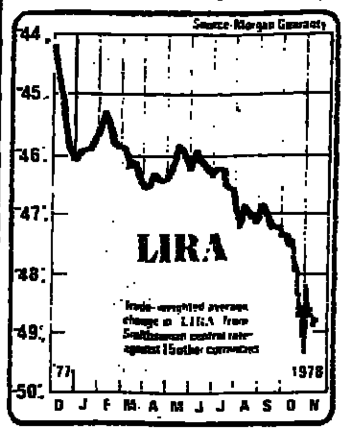
The bank has loaned a total of S$223m (U.S.$102.7m) to the airline.
AP-DJ

Currency, Money and Gold Markets

Pound firm on trade figures

Sterling and the dollar were generally firm in the foreign exchange market yesterday, in contrast to the weakening of the French franc, which lost ground on a variety of factors. These included lower interest rates in Paris and higher French unemployment, as well as growing apprehension about the implications of the franc's participation in the forthcoming European Monetary System.

The dollar was helped by further intervention from central banks, but this was not on a large scale. Sterling was strong throughout, and received an additional boost on news of a larger than expected October trade surplus. The pound opened at $1.9645-1.9655, and touched a high point of $1.9720-1.7930 in the late afternoon, before closing at $1.9715-1.9725, a rise of 50 points on the day.



Sterling's trade-weighted index, as calculated by the Bank of England, rose to 62.4 from 62.2, after standing at 62.2 at noon and in early trading.

The dollar's depreciation, on Morgan Guaranty figures, narrowed to 9.7 per cent from 9.8 per cent. The U.S. currency touched a best level of DM 1.8880 against the D-mark, and closed at DM 1.8855, compared with DM 1.8850 on Monday. It was also slightly firmer in terms of the Swiss franc, rising to SwFr 1.6350, before finishing at SwFr 1.6300, compared with SwFr 1.6280 on Monday. Movements against the French franc were more marked, with the dollar rising to FFr 4.3250 at the close, from FFr 4.3050 previously.

The U.S. currency rose to L838.75 from L838.50 against the Italian lira, and to Y188.95 from Y188.50 in terms of the Japanese yen.

PARIS—The French franc lost ground against major European currencies and the dollar in moderate trading. This reflected the decline in short-term interest rates, with call money falling to 6⅞ per cent from 7 per cent in Paris, leading to further speculation about a cut in bank base rates. Higher unemployment figures may have also influenced trading. The dollar rose to FFr 3.3250 in late trading, from FFr 4.3075 late Monday, while sterling moved up sharply to FFr 8.510 from FFr 8.4750. The D-mark and Swiss franc also gained ground against the French currency.

FRANKFURT—The dollar was fixed at DM1.8845 against the D-mark yesterday, little changed from the opening level of DM 1.8842. Central banks probably continued intervention to support the dollar, but the scale was minimal because of the limited turnover in the market. The Bundesbank did not intervene at the fixing. In late trading conditions remained very clam and quiet, with the dollar rising slightly to DM 1.8858.

AMSTERDAM—Towards the close the dollar eased to Fl 2.0350 against the guilder, slightly lower than the fixing level of Fl 2.0360, but unchanged from Monday's fixing rate.

MILAN—Trading was quiet, with the dollar easing slightly against the lira in late trading, to L838.60, from the fixing level of L838.80. The previous fixing was at L838.70. Other major currencies also showed little change against the lira. The Bank of Italy sold a few million of the dollars exchanged at the fixing.

TOKYO—The dollar showed little change against the yen in quiet trading, closing at Y188.65, compared with Y188.80 on Monday.

THE POUND SPOT

Nov. 14	Bank rate %	Day's spread	Close
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible] 12-month [illegible]

THE DOLLAR SPOT

November 14	Day's spread	Close
Canadian $	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]
Danish K	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]

* U.K. and Ireland are quoted in U.S. currency. [illegible] cents per Canadian $.

FORWARD AGAINST $

	One month	p.a.	Three months	p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

November 13	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

November 14	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 14	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	7.81-7.82	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	9.425-9.400	4.7900-4.7950	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	4.30-4.325	2.1850-2.1900	Portugal	95-110
New Zealand Dollar	1.8549-1.8619	0.9414-0.9440	Spain	141-145
Saudi Arabia Riyal	6.45-6.55	3.2708-3.3215	Switzerland	[illegible]
Singapore Dollar	4.28½-4.30½	2.1780-2.1790	United States	[illegible]
South African Rand	1.6957-1.7217	0.8599-0.8731	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 14	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.972	3.718	372.5	8.528	3.215	4.018	1654	2.316	58.30
U.S. Dollar	0.507	1	1.886	188.9	4.324	1.630	2.036	838.6	1.174	29.56
Deutsche Mark	0.269	0.530	1.	100.2	2.294	0.865	1.080	444.9	0.623	15.68
Japanese Yen 1,000	2.685	5.294	9.980	1000.	22.89	8.631	10.78	4440.	6.216	156.5
French Franc 10	1.173	2.313	4.359	436.8	10.	3.770	4.708	1939.	2.715	68.37
Swiss Franc	0.311	0.613	1.156	115.9	2.652	1.	1.249	514.4	0.720	18.13
Dutch Guilder	0.249	0.491	0.926	92.78	2.124	0.801	1.	411.9	0.577	14.52
Italian Lira 1,000	0.605	1.192	2.248	225.2	5.156	1.944	2.428	1000.	1.400	35.25
Canadian Dollar	0.432	0.852	1.605	160.9	3.683	1.388	1.724	714.2	1.	25.18
Belgian Franc 100	1.715	3.383	6.377	638.9	14.63	5.515	6.887	2837.	3.972	100.

EURO-CURRENCY INTEREST RATES*

Nov. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-13	9¾-10	8½-9⅛	7⅜-7⅝	par-⅛	1⅞-2	6⅝-6⅞	10-14	—	[illegible]
7 day's notice	12½-13	9⅞-10⅛	8½-9⅛	7⅜-7⅞	par-⅛	2-2¼	6¾-7	10-12	12⅛-12⅞	[illegible]
Month	12⅞-13¼	9⅝-9⅞	9½-10⅛	7⅝-7⅞	par-⅛	[illegible]	7¼	13-14	10⅜-10⅞	[illegible]
Three months	12⅞-13⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14-16	12-12⅛	1⅛-2
Six months	14¼-14⅞	12-12⅛	[illegible]	[illegible]	[illegible]	[illegible]	9⅝-9⅞	16-17	11⅞-12⅛	2⅝-3⅛
One year	14¼-14½	11⅞-12⅛	[illegible]	[illegible]	[illegible]	[illegible]	10¼-10⅞	16½-17½	11⅝-11⅞	3⅝-3⅞

The following nominal rates were quoted for London dollar certificates of deposit: one month [illegible] per cent; three months 11.40-11.55 per cent; six months [illegible] per cent; one year [illegible] per cent.
Long-term Eurodollar deposits: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates steady

U.S. interest rates showed little change yesterday and trading was at a generally low level. With the Federal authorities not intervening at all, some sources described the situation as being technically no market at all. Treasury bill rates were mixed with 13-week bills at 8.45 per cent compared with an average of 8.593 per cent at Monday's auction and 26-week bills at 9.20 per cent against 9.291 per cent at the auction. One-year bills were unchanged at 9.25 per cent.

Federal funds showed very little change at 9¾ per cent. Deposit rates for one-month certificates of deposit stayed at 10 per cent and the two-month rate was unchanged at 10.65 per cent. Three-month rates rose slightly from 10.85 per cent to 10.90 per cent.

PARIS—Money rates showed little change with an easier tendency overall. Day to day money was easier at 6⅞ per cent from 7 per cent and one-month money fell to 6⅞-6⅞ per cent from 6⅞-7 per cent. The three-month rate was quoted at 7-7⅛ per cent against 7⅛-7⅜ per cent while six-month money was unchanged at 7⅛-7⅜ per cent. Twelve-month funds fell to 8-8⅛ per cent from 8⅛-8⅜ per cent. With the call money rate lowered to 6⅞ per cent from 7 per cent, there is increasing speculation that banks' prime rates may well fall from their present level of 8.0 per cent.

FRANKFURT—Interbank money market rates showed a mixed tendency with call money unchanged at 1.8-2.0 per cent. One-month money eased slightly to 2.8-3.0 per cent from 2.9-3.1 per cent as did the three-month rate from 3.75-3.9 per cent to 3.7-3.8 per cent. On the other hand six-month funds were slightly dearer at 3.9-4.0 per cent compared with 3.85-3.95 per cent on Monday while the one year rate eased to 4.1-4.2 per cent from 4.15-4.25 per cent.

AMSTERDAM — Interest rates were firmer throughout. Call money rose to 8-8¼ per cent against 7¾-8¼ per cent and the one-month rate was quoted at 8¼ per cent from 8⅛ per cent. Three-month money also rose to 8¼ per cent from 8⅛ per cent while the six-month rate was firmer at 7⅞-7⅞ per cent against 7½-8 per cent.

BRUSSELS — Deposit rates for the Belgian franc (commercial) continued to ease yesterday with the one-month rate falling to 9-9½ per cent from 9¼-9¾ per cent and the three-month to 8¾-9⅛ per cent against 9⅛-9⅞ per cent. Six-month deposits were unchanged at 8⅝-8⅞ per cent while 12-month deposits fell to 8½-8⅞ per cent compared with 8⅝-8⅞ per cent.

HONG KONG — Conditions in the money market were easy with call money at 9¾ per cent and overnight business dealt at 8½ per cent.

GOLD

Easier trend

Gold rose $½ to $210-210½. The metal opened at $211¾-212¼, the highest level of the day, and declined to $210.60 at the morning fixing. The afternoon fixing was slightly firmer at $211.00, but the price drifted away towards the close, on a weaker trend in New York. The lowest level touched during the day was $209¾-210¼.

In Paris the 12½ kilo gold bar was fixed at FFr 29.400 per kilo ($211.57 per ounce) in the afternoon, compared with FFr 29,4[illegible] ($211.67) in the morning, and FFr 29.100 ($210.12) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12.800 per kilo ($211.26 per ounce) compared with DM 12.730 ($209.72) previously.

	Nov. 14	Nov. 13
Gold Bullion (a fine ounce)		
Close	$210-210½	$209½-210
Opening	$211¾-212¼	$208-208½
Morning fixing	$210.60 (£107.077)	$208.85 (£106.267)
Afternoon fixing	$211.00 (£107.098)	$208.10 (£105.908)
Gold Coins domestically		
Krugerrand	$217-219 (£110-111)	$216-218 (£109½-110)
New Sovereigns	$61½-63½	$61-63
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

The supply of credit in yesterday's money market was if anything slightly more than adequate. The Bank of England eventually sold a small amount of Treasury bills and with funds bid towards the close, it would seem that today's balances may be a little run down. In fact today holds more interest in that it is published figures day for the banks and conditions may well prove difficult for the discount houses should there be any appreciable shortage of funds. Yesterday's small excess of Government disbursements over revenue transfers to the Exchequer was countered by a small net take up of Treasury bills and a similar increase in the note circulation.

Discount houses paid 11-11½ per cent for secured call loans at the start and closing balances were taken at anything down to 9½ per cent. In the interbank market overnight loans opened at 11½-11¾ per cent and eased to 11-11½ per cent through to 9-9½ per cent. Rates then tended to firm to 10½-11 per cent before closing at 9½-9¾ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 14 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	9-11¾	—	—	—	11⅛	9½-11½	—	—	—
2 days notice	—	—	11¾-12	—	—	—	—	—	—	—
7 days or 7 days notice	—	11⅛-11⅞	11⅞-12⅛	—	—	12	11⅛-11¾	—	—	—
One month	12⅛-12⅝	12⅛-12⅝	12-12⅛	12-12½	12¼	12½	[illegible]	11¾-11⅞	12⅞-12⅞	12⅝
Two months	12⅛-12[illegible]	12[illegible]-12[illegible]	[illegible]	12-12½	12¾	[illegible]	[illegible]	11⅞	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	12-12½	12½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	12½-12½	12½-12⅞	12⅛-12⅜	12-12½	12½	[illegible]	—	—	—	—
Nine months	12⅞-12⅞	12½-12½	—	—	12⅞	—	—	—	—	—
One year	12½-12⅝	11⅞-12	11⅞-11⅞	11⅞-12⅛	12½	—	—	—	—	—
Two years	—	—	12⅝-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent and also three-month [illegible] per cent.
Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 11-11½ per cent. Treasury Bills: Average tender rates of discount 11.9048 per cent.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Fast and efficient transfer of heat

EXTREMELY high power densities of the order of 1,000 watts per cubic centimetre are possible with porous element heating (PEH) under development for some time at Harwell and now beginning to move out into industrial applications.

PEH relies on tubular porous structures in electrically conductive ceramics and in carbon through which liquids and gases can be pumped at high pressures. They can then flow through the interconnected pores of the tubes, which, if heated by the passage of an electric current, will transfer heat to the moving fluid with very high efficiency.

Fluid flow and heat generation rates can be very closely matched to suit many liquids and processes. It is possible to vaporise and superheat a fluid in a single pass thanks to the high power densities and heat fluxes achievable. At the same time, a PEH system [...] low thermal capacity with very fast start-up and close down.

So far, equipment has been studied for the p[...]tion of superheated steam [...]ly and safely, and for the [...]ting of various other fluids [...]empera-tures around 700 de[...]s C.

With Edwards Hi[...] Vacuum, the Harwell Ceramic [...]tre has been studying an [...]dvanced vaporiser for silico[...]il 702, suitable for operatio[...] to 250 degrees C.

Other industrial p[...]cts are in hand for applicat[...] which demand short residen[...]me and fast heating.

Further details [...] the Ceramics Centre, [...] A. E. Hughes, Materials D[...]opment Division, Building 5[...] AERA, Harwell, Oxon. Abing[...] 24141.

Continuous nitration

DEVELOPED IN Sweden by [...]fors Nobel Chematur, a continuous process for the nitration of benzene, toluene and other aromatics employs a pump unit reactor in which the nitration reaction itself is completed in only a few seconds with a total contact time between the two phases of under a minute.

In the manufacture of nitrobenzene for example, the two reactants, benzene and the nitration acid (pre-mixed nitric and sulphuric) are fed to the suction side of the pump. In the pump, vigorous agitation of the liquids increases mass transfer and reaction rates, completing the nitration in a few seconds. The resulting mixture of nitrobenzene and spent acid is cooled and separated and the nitrobenzene is washed and purified before being stored.

[...] most aromatic nitration processes nitrous acid, phenols, [...]ols and unwanted nitro[...]ers are formed as by-products, ultimately resulting in [...]e plant cost to remove them. [...]e new process, on the other [...], allows the organic phase [to] spend only a very short time [in the] circuit; this, together with [...] nitric and high sulphuric [...] concentrations, greatly [red]uces the extent of oxidation reactions and over-[...]ration. Yield goes up, the fo[...]tion of toxic by-products is re[...]ed, and the cost of subsequen[...] purifica-tion treatment is min[...]ed.

The technique is [ve]rsatile because the steps of [...]ection, reaction, cooling and [...]ration are quite distinct, each [...]eding only conventional e[...]pment readily available in a [ran]ge of sizes. Process contro[...] can be entirely manual, fully a[...]matic or a combination of the t[...].

Box 800, S-690 20 [...]fors, Sweden.

Will cut very hard materials

HARD-TO-SAW alloys can be successfully cut with a bandsaw blade which is said to have outstanding resistance to wear and abrasion caused by hard materials, states DoAll Company (UK), 12 Barton Road, Bletchley, Milton Keynes, Bucks, MK2 3J[...] (0908 7166).

It can cope with stainless steel, high speed steel, titanium, zirconium, and die steels.

Called the Penetrator, the blade has a tough cobalt cutting edge and a special geometry, says the company, that promotes free cutting in most machinable materials.

It is available in 1 and 1¼ inch widths, and can be used with any cut-off bandsaw, whether equipped with automatic servo-feed mechanism or not.

Working in vacuum

ONE OF the leading exponents of vacuum brazing, vacuum heat treatment and electron beam welding, Torvac of Skelmersdale, Lancs, reports that it is nearing completion of a £200,000 investment programme. This is spread over three factories in different parts of the country.

The company undertakes sub-contracting in industries ranging from the aerospace field to the food processing industries. One of the main advantages offered by processing in vacuum is the prospect of bright scale-free finishes and improved dimensional stability.

● VENTILATION

Fresh air for the driver

MILITARY armoured vehicles and security vans are necessarily designed to be windowless which means that people travelling within may spend a considerable amount of time in an overheated, stale and unpleasant atmosphere. A similar situation exists where long-distance lorry drivers sleep overnight in their cabs.

Specially designed for providing adequate ventilation to combat these problems is an air conditioning pack from TransFrig, Cranbourne Road, Gosport, Hants PO12 1RJ (07017 88131).

This is principally a purpose-built condensing set, with its own petrol engine driving the compressor, which may be used with the customer's own evaporator section. Alternatively, it is available as a complete package incorporating either a Mark IV vehicle air conditioning evaporator (sold in the UK by the company) or with a TransFrig evaporator.

The pack is slung beneath the body of the vehicle, on rails to facilitate withdrawal for servicing, and is supplied ready charged with refrigerant, and with precharged hoses. The later have quick-release couplings for easy connection to the evaporator section which means that the equipment can be installed by the body builder and does not required a skilled refrigeration engineer.

The combined package offers a heat removal capacity of 20,000 to 25,000 BtU per hour when evaporating at freezing point, and cooling to 70 degrees F from an ambient of 95 degrees F.

● COMMUNICATIONS

A box for all reasons

FOLLOWING its installation of a fully-automated cable video system for showing in-house movies in the entire Holiday Inns chain in the UK, further developments have been announced by Gem Communications, 22, Gilbert Street, London W1Y 1RJ (01-629 3441).

From the same box, controlled by a micro-processor electronic logic programmer, an infra-red surveillance security camera can "lock" directly into an entry-phone. The resident of a private apartment block can now decide whether the person standing at the front door of the building, or waiting at the lift, is authorised to be given access. This should be of particular benefit to house-bound, elderly or nervous people who live alone and are loath to answer unknown callers.

The security system is intended, too, for use in embassies and government establishments, as well as universities, clinics, hospitals, etc.

Also launched is a large-screen projector, totally housed in one unit, allowing remote control transmission of all TV channels, as well as linking to closed circuit and security surveillance, and an infra-red earphone system. The latter has two or nine channel facility, allowing instant bi-lineual transmission throughout conference centres, exhibition halls, schools, etc and because there are no trailing wires attached to seats, it allows completely uninhibited movement to the user.

The company has introduced further facilities for hotels with a food and drink servicing unit whose micro-processor electronic billing is accomplished by the use of a magnetic card. The card is used by the client for the duration of his stay in a hotel, and immediately cancelled on settlement of his account.

A telephone billing faculty is also available which provides for every hotel room instrument an individual unit record interfacing to the telephone switchboard PABX centre.

Small airport control

CABLE and Wireless has identified the need for a small communications switching and control unit for the use of air traffic controllers at smaller airports and has introduced a system able to deal with up to five radio channels and five telephone lines.

Called "Minispace," the unit allows the ATC officer to have rapid connection to the HF, VHF and UHF channels used for talking to aircraft and ground services, and via the phone lines to the airport PABX, national ATC centres and other important locations. Switching is electronic and operation is by push-button, with provision for hand microphone or headset, digital clock and wind speed indicators.

More from Mercury House, Theobalds Road, London WC1 (01-242 4433).

● AUTOMATION

Puts weld where needed

SENSORY perception ability for industrial robots, in resistance welding applications permits weld gun-handling units to adjust gun position where production inconsistencies result in positional variations from one work-piece to another.

If spot welds are to be placed automatically along a flange on an auto body, there will be some body shapes for which metal-forming variations cause the flange to be out of its normal position. The result is placement of welds in locations that are not within tolerances.

Unimation has developed a bolt-on non-contacting edge sensing system that adjusts the position of spot-welding tips in relation to flange edges. The system fits on the "wrist" of a Unimate robot and will move the welding gun in a direction that places the series of weld spots at the correct depth in from the edge of a flange.

Especially useful in the case of narrow flanges, the system continuously monitors the position of engaged tips relative to the flange edge, using a non-contacting pneumatic sensor.

The sensor, and its associated logic, is a form of digital air-gauge that controls the position of the wrist-mounted moving platform, on which the spot weld gun is mounted.

When the air gauge makes a measurement, the sensor output establishes whether a move in platform position should be made, and if so, the direction and magnitude of the movement. This movement shifts the weld gun tips to bring them into correct position for spot-weld placement. Range of movement is ±3.0 mm.

Unimation (Europe), Stafford Park 4, Telford, Salop TF3 3AX. 0952 616931.

● PACKAGING

Puts the lid on it

A LID application unit, which works from a reel of pre-printed film, unwound and cut to the shape and size of the container to be lidded, is the basic feature of a system called Tightcap, made by Sumitomo Bakelite Company of Japan.

Completion of the process is when film drawn down the sides of the container is tightly shrunk to the top by heat application. Film widths of 150-720mm can be handled up to 12,000 units per hour, says UK agent Pafilink, William Curtis House, Lenten Street, Alton, Hants, GU34 1HH (0420 82421).

● CONSTRUCTION

Packaged homes

JOHNS-MANVILLE has introduced a pre-engineered, single-family housing system which combines speed of erection with permanence, attractive appearance, high comfort standards and low construction and maintenance costs.

It is designed specifically to alleviate severe housing shortages in the Middle East, exacerbated in many cases by influxes of foreign nationals. So acute are accommodation problems in some countries, that their governments require international contractors themselves to provide living quarters for resident executive or supervisory staff.

There are four alternative models of the basic single-storey house (one, two, three and four bedrooms), with floor areas ranging from 78 square metres for the one-bedroomed home to 176 square metres for the four bedroomed version. Construction packages are shipped complete, packed in containerised units from the J-M plant at Ghent in Belgium; the only major item constructed on site being the foundation/floor slab, which consists of reinforced concrete laid on a waterproof membrane over capillary fill. Experienced contractors can erect units at rates up to 8 square metres of floor area or 75 square metres of panel area per day, using small crews.

Basic element is J-M wallboard, asbestos-cement extruded panels of cored construction. Core cavities are filled with glass fibre where appropriate to give high standards of thermal and acoustic insulation. They also accommodate plumbing and wiring services. The inorganic panels will neither burn nor rot and have high resistance to sand, sun and wind.

Pre-installed electric outlets and plumbing trees obviate the need for a multiplicity of specialist trades. Insulated cables run from the main fuse-box into the core of the bond beam on top of the walls and down through the wall cavities to pre-fitted switches, lighting and power sockets.

A factory-prefabricated copper-pipe plumbing tree is installed within the wall cavity and connected to sanitary fixtures. Domestic hot water is provided by an electric heater.

Johns H. Manville GB, Parkbridge House, The Little Green, Richmond, Surrey TW9 1QU. 01-948 4181.

Household water pump

THERE is a constant need for pumping equipment to provide water supplies in individual villa residences in the Middle East and other rapidly developing regions, says Megator Pumps and Compressors, 87a, Newington Causeway, London SE1 6EQ (01-407 5616).

Its VB78 package is said to be a compact set specifically designed for this purpose and is intended to transfer water from ground-level storage tanks to gravity-feed tanks at roof level.

A quiet-running vertical multi-stage pump is incorporated in a ventilated steel housing and should be suitable for installation in the open without additional protection.

The company supplies a separate electrical control unit, of the wall-mounted type, for installation within the villa.

Articulated dumpers

BUILT TO give the best tractive effort in the worst site conditions, are two powerful four-wheel drive articulated machines in the two and 2½ ton payload bracket, made by Barford of Belton (part of Aveling Barford International), Invicta Works, Grantham (0476 67351).

Stronger and heavier than any competitive machines of similar size, Barford says, the dumpers have reinforced mainframes and skips and heavy duty components throughout. Other points include balanced weight distribution, power-matched four-wheel drive, pivot steer and articulation.

Also announced is the small, but robust SD06, which weighs only 12 cwt. It has been designed to tackle all kinds of light carrying duties on construction sites, in municipal parks, and in other applications where a small and economical workhorse is required.

● SAFETY

Smothering the fire

FIRES INVOLVING carbonaceous materials, such as wood, paper, textile-fabrics, etc., should be successfully dealt with by the Multy-Purpose extinguisher just launched by Nu-Swift International, Elland, West Yorkshire HX5 9DS (0442 72852).

The extinguisher is filled with 9.4 litres of water and also contains 0.6 litres of a foam concentrate in a PVC bag. Operation of the extinguisher, automatically mixes the concentrate with the water to make a foam solution.

This model supersedes the company's air foam extinguisher, and is said to deal more efficiently with flammable liquids and liquefiable solids (except those miscible with water or which contain water-miscible solvents).

● PRINTING

Produces an accurate trace

OSCILLOMINK ink jet recorders from Siemens are available as assembled bench-top versions or as a set of modules for fitting into 19 inch racking.

Models with up to 12 channels can be supplied and all are equipped with moving magnet mechanisms with an upper frequency limit of 1250 Hz: these drive a low inertia jet of recording fluid to produce an accurate trace on a folded pack or roll of plain chart paper. Interchangeable amplifiers are available to suit whatever input voltages may be involved.

Annotation in the form of letters and numerals can be printed with the aid of an ancillary device consisting of a character generator, keyboard and clock. This enables a series of oscillograms to be readily identified and arranged in chronological order.

Siemens AG, Postfach 103, D-8000 Munchen 1, Federal Republic of Germany.

● POWER

Emergency supplies

INTENDED mainly as no-break emergency power supplies for computer installations, units made by ESB Ray-O-Vac Corporation of Philadelphia are now available in 25 kW to 600 kW sizes from the UK subsidiary ESB Edcel, Bristol Road, Bridgwater, Somerset, TA6 4AR (0278 2882).

The units, which make use of the company's own lead acid calcium batteries have system efficiencies in the region of 85 per cent, making use of a 12 step inverter arrangement.

Particular attention has been paid to the level of harmonic content that might be impressed on the area board's network and as a result of the system used the first significant harmonic that is seen on the mains supply is the 11th: this immediately reduces the problem of mains borne interference because it is easier to filter out such frequencies with relatively small filters.

● INSTRUMENTS

Temperature control

CLOSE temperature control and indication suitable for a wide range of industrial applications can be provided by the Magi-Pak Series 600 units from Aughton Instruments of Kirby. Set point and indication accuracy is about ±0.25 per cent.

The instrument can be used to monitor a single variable in conjunction with non-displaying controllers or with the Aughton range of temperature programmes. By using ancillary selector units several inputs may be monitored in cases where multi-zone control systems with one indicator only are used to monitor all the zones.

Alternatively, for applications in large process plants the company's S700 keyboard selector unit can be used, allowing up to 1,000 inputs to be monitored.

The unit is completely self-contained and housed in a DIN 96 x 48 mm enclosure: plug-in printed circuit boards and solid state CMOS circuits give simple servicing and good reliability.

Woodward Road, Kirkby Industrial Estate, Kirkby, Liverpool L33 7UZ. (051 548 6060)

● ELECTRONICS

Better than a disc

THE FUTURE of the magnetic disc as a "millisecond access" bulk store became somewhat uncertain with the introduction of the charge coupled device some years ago, but it is only recently that practical complete systems at feasible prices have begun to appear.

Latest of these fires a shot across IBM's bows in that it is a total emulation, in CCD, of the 2305 Model 2 fixed head disc. The product is claimed to be faster, less expensive more reliable, less power demanding, smaller in size and much more flexible than the 2305/2. It is made by Storage Technology Corporation in the U.S.

The company is in fact describing the product as "the world's first solid state disc" and is offering it in four sizes of 11.2, 22.5, 33.75 and 45 Megabytes.

Furthermore says Storage Technology, the average access time of the solid state system is 0.7 millisecond, compared with 5 ms, and the physical space occupied and power used are no more than half that of the IBM unit.

Prices of the CCD memory start at $150,000 for 11.2 Megabytes, becoming less on a "per megabyte" basis towards the upper end of the range.

The new memory, designated 4305, attaches to the block multiplex channel of the IBM subsystem and is said to run with "absolutely no software modifications under all releases of OS, VS1, VM and MVS operating systems."

Storage Technology Corporation, 2270 South 88th Street, Louisville Colorado 80027.

Equipment will test memories

DEVELOPED by Fairchild Camera and Instrument Corporation is a semiconductor memory test equipment designed to deal with the new generation of high speed metal oxide silicon devices (HMOS).

Made by the Xincom Division of the company, the model 5582 will test static random access and read only memories requiring cycle times down to 40 nanoseconds and pulse widths of less than 10 ns, with corresponding rise and fall times.

It can handle functional and parametric testing and can be used in both engineering and production areas, operating as either a parallel or time-multiplexed tester with one or two compact 48-pin test heads.

The unit is in the final stages of development and production is expected to start in July 1979 with first deliveries scheduled for August.

John Scott House, Market Street, Bracknell, Berkshire RG12 1DQ (0344 21101).

Control of processes

AIMED AT companies that have no facilities to develop control systems, even of a fairly straightforward type, the Electromatic package from Electroloid of Aylesbury consists of programmable logic controller, auxiliary relays and contactors mounted in a small floor-standing cabinet.

Each of these units is designed, programmed and commissioned by Electroloid to meet customers' process or machine control requirements exactly. Once installed, any changes either to the program or the equipment being controlled are easily accommodated and can be made quickly and economically.

The company believes the system to be particularly suitable for the mixing of liquids and powders. Applications already in hand are the batching and blending of toiletries, cake mixes and also in the cleaning of a milk bottling plant.

Chamberlain Road, Aylesbury, Buckinghamshire HP19 3BZ. (0296 82261).

Colour TV tracks the faults

MEMORIES are becoming more powerful and complex. Many more are being used in various types of equipment and the testing problem, both for maker and for user, is becoming increasingly acute.

Mapping of failure modes of memories on a TV-type display has aided the developers to some extent. But now, Teradyne has added a colour graphics terminal to its J387 memory tester which presents much more information on memory cell failures than is possible with black and white.

This shows not only which bits pass and fail but also indicates voltage and timing parameters at which failure occurs. The screen shows accumulating layers of failures, the faulty bits being accurately located thanks to a "descrambler."

Operators have the facility of a "joystick" which will rapidly drive a cursor around the 19 inch screen to change modes of testing on recall patterns. Hardcopy facilities are offered via a matrix printer.

Teradyne, which asserts world leadership in memory testing—a particularly tough area of electronics—expects its colour display option to add many more customers for its J387 to the 200 now installed world-wide.

Teradyne, Clive House, Queens Road, Weybridge, Surrey KT13 9XB. Weybridge 51431.

WORLD STOCK MARKETS

Wall St. widely lower but above worst

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—82% (82½%)
Effective $1.9720 38% (38%)

INTEREST RATE and inflation worries combined with indications of a slowdown in the economy further undermined Wall Street yesterday, but the market managed to close above the day's worst after an active business.

The Dow Jones Industrial Average followed Monday's 15 points fall with a fresh loss of 10 before rallying to finish 6.75 lower on the day at 785.26. The NYSE All Common Index was a net 47 cents weaker at $51.36, after a day's low of $51.12, while falls were again widespread, outpacing gains by 1,340 to 243. Trading volume reached 30.84m shares, sharply exceeding Monday's total of 20.96m.

U.S. car manufacturers reported a 5.5 per cent decline in early November sales, but played down the significance of the fall.

However, investors learned on Monday that October retail sales were down 0.5 per cent from the September level, and yesterday morning the F. W. Dodge division of McGraw-Hill predicted a slowdown in the growth of non-residential construction awards for 1979.

Commerce Department economist Slater forecast somewhat slower U.S. economic growth and higher unemployment next year.

Liquidation of margin positions, mostly voluntary but brought about by falling stock prices and rising interest rates, was also a factor in the market's fresh setback.

Analysts noted that the cost of margin debt has gone up with other short-term rates. On Monday, a handful of major banks boosted their Prime Rate to 11 per cent, the highest level in four years. Although banks in New York fere slow to follow the move, pressure continued on them to also raise the rate. A Press report stated that some analysts say the Prime Rate may be fast approaching its record 12 per cent-level, with the rate expected to reach 11½ per cent by the end of the year.

Soaring interest rates continue to raise visions on Wall Street of a recession.

Mid-East peace treaty talks between Israel and Egypt continued apparently snagged, creating another problem for the market.

Among Gaming shares, **Bally Manufacturing** declined 1⅞ to $32¾ in active trading, while **Playboy**, which reported flat fiscal first-quarter net profits, shed ½ to $11. **Harrah's** receded 1¾ to $16⅞. Active **Ramada Inns** tacked on ¼ at $7, but **Holiday Inns** lost ⅜ to $16½ and **Metro-Goldwyn-Meyer** 3¼ to $33⅞.

Boeing gained 1½ to $60½. Allegheny Airlines has ordered two 727 jets.

Active **Pacific Petroleum** came back ¾ to $46½ after Monday's sharp rise of 5¾ on news that Petro-Canada has bought Phillips Petroleum's 48 per cent stake in Pacific.

Borden again topped the actives list and eased ⅛ to $26⅞.

UAL receded ⅞ to $28⅞. The company sees an increased risk of a significant economic slowdown next year and a slowing of passenger traffic growth. **J. C. Penney**, down 1½ at $32¾, reported a drop in third-quarter earnings and said fourth-quarter sales gains would trail those of the first nine-months.

Mead retreated 1¼ to $23½. It has vowed to continue its fight against Occidental Petroleum's take-over bid.

Despite their lower car sales, **General Motors** added ¾ at $55 and **Ford Motor** 1½ at $40¾. They were hard-hit in recent sessions.

THE AMERICAN SE Market Value Index fell another 2.25 to 138.98 in a heavy trade. Volume 4.87m shares (3.27m).

Resorts International "A" receded 1⅞ to $25⅞ on turnover of more than 800,000 schares. Active **Houston Oil** lost 1¼ to $15¼ to $15¼ on reporting a sharp decline in third-quarter earnings.

Canada

In a sharp reversal of the recent firming trend, stocks declined over a broad front in another fairly active business, influenced by the Wall Street weakness. The Toronto Composite Index shed 5.3 to 1,13.8, while Oils and Gas, after the previous day's 44.1 advance, reacted 10.8 to 1,587.7. Metals and Minerals lost 5.6 to 1,035.6 and Banks 2.82 to 284.34.

The Real Estate index dropped 57 points, as **Nu-West "A"** retreated ⅜ to C$17⅛ and **Revenue Properties** 4 cents to C$1.13.

Federal Pioneer "A" lost ½ to C$32-32-½, but **Silverwood Industries "A"** added ⅛ at C$8½ after both reported higher earnings. **IAC** eased ⅛ to C$17⅛ on lower third-quarter net profits.

Tokyo

Market sustained a sharp reaction on increased profit-taking and other liquidations after its recent good rise. The Nikkei-Dow Jones Average came back 30.50 to 5,942.87 and the Tokyo SE index declined 1.42 to 440.10, while business volume expanded to 410m shares from Monday's level of 350m.

Recently-selected Real Estates, Machines, Retail Stores and Cotton Spinners led the retreat on substantial profit-taking, with **Nisshin Spinning** falling Y20 to Y658 and **Heiwa Real Estate** Y17 to Y715.

Among export-orientated Light Electricals, Vehicles and Cameras, **Matsushita Electric** receded Y13 to Y772, **Honda Motor** Y8 to Y472, **Canon** Y7 to Y425, **Nissan Motor** Y9 to Y651 and **Pioneer Electronic** Y20 to Y1,040.

Steels and Heavy Electricals, however, were higher on active buying by institutional investors, attracted by good first-half business performances. **Nippon Steel** put on Y1 to Y116, **Toshiba** Y8 to Y141 and **Mitsubishi Electric** Y3 to Y193.

Germany

After easing afresh at the outset, the market edged forward to close modestly higher on the day. The Commerzbank index recorded a net gain of 1.1 at 822.4.

Dealers said the market was aided by technical factors and news that the oil strike in Iran had ended

News of a co-operation agreement between German companies and China over non-ferrous metals came late in the day and boosted **Metalgesellschaft** DM 14 to DM 256.

Engineerings gained up to DM 2.50, as in the case of **GHH**, while in Stores, **Horten** rose DM 3.50. **Bayerische Vereinsbank** put on DM 2.

Despite the announcement yesterday morning of new domestic and foreign issues totalling well over DM 3bn before the end of the year, the Domestic Bond market held up fairly well. Public Authority Loans registered gains and losses limited to 20 pfennigs, with the Regulating Authorities selling a nominal DM 50m of paper after DM 24.2m sales on Monday. Mark Foreign Loans were weaker, however.

Paris

Bourse prices were inclined to drift down in thin trading.

Brokers said the positive impact of the lowering of the Call Money rate to 6⅞ from 7 per cent and news that French industrial production rose 0.8 per cent in September had been more than offset by the overnight weakness on Wall Street and particularly the announcement of a 4.6 per cent increase in the number of French unemployed in October.

Against the generally easier trend, however, Bank, Transportation and Publishing issues mostly improved, and Constructions and Chemicals were mixed.

In lower Metals, **Pechiney Kuhlmann** eased 30 centimes to FFr 89 despite announcing higher net sales for the nine-months ended September 30.

Carrefour declined FFr 37 to FFr 2,112, **Bouygues** FFr 23 to FFr 793 and **Michelin "B"** 16 to FFr 1,248, but **Thomson-Brandt** gained FFr 1.7 to FFr 247.5.

Australia

Stocks lost ground over a broad front, partly undermined by the sharp overnight Wall Street setback.

Another unsettling influence was a disclosure by the AMP Society, Australia's biggest life office, that it had overspent and would be out of the market, and also its expressed opinion that Australian interest rates would not fall further in the near-term.

BHP, at A$8.10, relinquished the previous day's rise of 10 cents which followed news of its hydrocarbons discovery in the Fortescue No. 2 well.

Among the Oils sector, **Santos** retreated 15 cents to A$1.90, while **Woodside** declined to 70 cents, a low for the year.

Bank of NSW led Banks down, shedding 14 cents to A$6.66. **ANZ** lost 5 cents to A$3.45 and **National** 4 cents to A$2.36.

Most of the Mining heavyweights came back, reflecting unsettled conditions on world commodity markets.

The senior partner in the Ashton diamond search, **CRA**, receded 7 cents more to A$3.05, while **Ashton Mining** were again heavily traded, with 630,000 shares changing hands in Melbourne, and eased back 2 cents to 82 cents.

Golds failed to respond to a rise in London Bullion prices, and **Central Norseman** fell 30 cents to A$13.00 and **Bougainville** 6 cents to A$1.37.

Among Uraniums, **EZ Industries** lost another 10 cents to A$2.92, **Pancontinental** 20 cents to A$10.90 and **Peko-Wallsend** 4 cents to A$5.56.

Hong Kong

After extending Monday's marked decline, shares staged a technical recovery in moderate trading, leaving the Hang Seng index 12.04 firmer on the day at 549.20.

Dealers, however, noted that there is still underlying bearish sentiment with no good news yesterday to support the market's technical rally.

Among Blue Chips, **Hong Kong Bank** picked up 60 cents to HK$18, **Hong Kong Land** 20 cents to HK$9 and **Jardine Matheson** 30 cents to HK$13.30.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked † Bid. § Traded. ‡ Seller. z Assumed xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

Stock	Nov. 14	Nov. 13
Wells Fargo	25⅛	25¼
Western Bancorp	23½	24½
Western N. Amer	23½	23¾
Western Union	15⅜	15½
Westinghouse Elec.	16½	16⅝
Weyaco	23¾	24½
Weyerhaeuser	25⅝	25⅜
Whirlpool	20⅝	20⅝
White Con. Ind.	17	17¼
William Co.	15	15⅛
Wisconsin Elect.	25⅝	25¼
Woolworth	17⅝	18⅛
Wyly	5¾	5⅞
Xerox	51½	52½
Zapata	11¾	11¼
Zenith Radio	13¼	13⅝
U.S. 90-day bills	8.30%	8.04%

† Bid. ‡ Asked. § Traded. ‖ New stock

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.570	1	13	—	—	—	—	F.368.50
AKZ	F.27.50	—	—	—	—	3	6.50	F.29
AKZ	F.30	25	2.30	62	3.50	2	4.80	..
AKZ	F.32.50	123	1.20	109	2.50	8	4	..
AKZ	F.35	6	0.50	62	1.90	11	2.80	..
ARB	F.78.90	—	—	2	4	—	—	F.76.50
HO	F.35	2	4.30	4	5.50	—	—	F.36.50
HO	F.37.50	—	—	1	4.10	—	—	..
HO	F.40	3	1.50	16	3.80	—	—	..
HO	F.45	—	—	13	2.20	—	—	..
IBM	$240	1	25¼	—	—	—	—	$258¾
IBM	$260	10	12½	—	—	—	—	..
IBM	$280	15	4⅝	2	10¼	—	—	..
IBM	$300	28	1¼	—	—	—	—	..
KLM	F.133.30	9	6	—	—	—	—	F.129.50
KLM	F.140	3	3.50	—	—	—	—	..
KLM	F.142.90	1	3	—	—	—	—	..
KLM	F.150	—	—	10	5.80	—	—	..
KLM	F.160	20	0.90	1	4.70	—	—	..
KLM	F.170	25	0.90	—	—	—	—	..
KLM	F.171.40	7	0.70	—	—	—	—	..
KLM	F.181	1	0.60	—	—	—	—	..
NN	F.110	—	—	12	11	—	—	F.112.90
NN	F.120	—	—	3	6.30	—	—	..
PHI	F.22.50	20	3.40	—	—	—	—	F.25.20
PHI	F.25	66	1.50	4	2.60	13	3.30	..
PHI	F.27.50	23	0.80	164	1.40	—	—	..
PHI	F.30	—	—	125	1	1	1.80	..
PRD	$40	10	6½	—	—	—	—	$43½
PRD	$45	1	3⅛	—	—	—	—	..
PRD	$50	5	⅝	—	—	—	—	..
RD	F.120	15	6.60	—	—	—	—	F.123
RD	F.130	2	1.80	—	—	—	—	..
UNI	F.110	10	10.20	—	—	—	—	F.120.60
UNI	F.120	10	3.30	—	—	10	6.50	..
		Nov.		Feb.		May		
BA	$60	2	4¼	8	5¼	—	—	$59¼
BA	$70	—	—	2	1¼	7	4½	..
SLB	$80	1	5¼	—	—	—	—	$85¼

TOTAL VOLUME IN CONTRACTS 1098

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Banks Ltd.	12½%	C. Hoare & Co.	†11½%
American Express Bk.	12½%	Julian S. Hodge	13½%
Amro Bank	12½%	Hongkong & Shanghai	11½%
A P Bank Ltd.	12½%	Industrial Bk. of Scot.	10 %
Henry Ansbacher	12½%	Keyser Ullmann	12½%
Associates Cap Corp.	12½%	Knowsley & Co. Ltd.	14½%
Banco de Bilbao	11½%	Lloyds Bank	12½%
Bank of Credit & Cmce.	12½%	London Mercantile	12½%
Bank of Cyprus	11½%	Edward Manson & Co.	13½%
Bank of N.S.W.	11½%	Midland Bank	12½%
Banque Belge Ltd.	12½%	■ Samuel Montagu	11½%
Banque du Rhone	13 %	■ Morgan Grenfell	12½%
Barclays Bank	12½%	National Westminster	12½%
Barnett Christie Ltd.	12½%	Norwich General Trust	11½%
Bremar Holdings Ltd.	13½%	P. S. Refson & Co.	12½%
Brit. Bank of Mid. East	12½%	Rossminster	12½%
■ Brown Shipley	12½%	Royal Bk. Canada Trust	11½%
Canada Perm't Trust	12½%	Schlesinger Limited	12½%
Cayzer Ltd.	12½%	E. S. Schwab	13½%
Cedar Holdings	11½%	Security Trust Co. Ltd.	13½%
■ Charterhouse Japhet	11½%	Shenley Trust	11 %
Choulartons	11½%	Standard Chartered	12½%
C. E. Coates	12½%	Trade Dev. Bank	11½%
Consolidated Credits	12½%	Trustee Savings Bank	12½%
Co-operative Bank	*12½%	Twentieth Century Bk.	13½%
Corinthian Securities	11½%	United Bank of Kuwait	11½%
Credit Lyonnais	11½%	Whiteaway Laidlaw	12 %
Duncan Lawrie	12½%	Williams & Glyn's	12½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	12½%
Eagil Trust	12½%		
English Transcont.	12½%		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 9%, up to £25,000 9½% and over £25,000 9¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ◆

COPENHAGEN ♣

MILAN

VIENNA

OSLO

BRAZIL

JOHANNESBURG

SPAIN ♥

STOCKHOLM

Indices

TUESDAY'S ACTIVE STOCKS

مكتامن الأصل

Thai tapioca exports near record

BANGKOK, Nov. 14.

ABOUT 1m tonnes of tapioca products will be exported from Thailand during the last two months of this year, bringing total 1978 exports to a record of more than 6m tonnes against a total of 3.8m tonnes in 1977, trade sources claimed.

Thai tapioca product exports in the first 10 months totalled [illegible] tonnes against 2.95m in the same period last year.

Product exports fell to 462,471 tonnes in October from 581,453 in September, Thai Board of Trade sources said.

October exports comprised 419,351 tonnes of pellets, 18,209 tonnes of chips and 24,911 tonnes of flour.

Reuter

Sri Lanka seeks coconut aid

COLOMBO, Nov. 14.

THE SRI LANKAN Government has asked the Asian Development Bank for assistance to draw up a master plan to revive its ailing coconut industry, the country's third largest foreign exchange earner after tea and rubber.

Mr. Harold Herath, Minister of Coconut Industries, said Sri Lanka has asked the bank for expert advice for revitalising the industry and for financial aid to put the plan into operation.

The coconut industry has been ailing since 1973 after being hit by successive droughts and a low use of fertiliser, Mr. Herath said.

Peak production was 3bn nuts in 1965. By last year, production had declined to 1.8bn nuts while estimated production for 1978 is 2bn, the minister said.

"If the decline is not arrested, Sri Lanka, a traditional exporter of coconut products, will have to import coconuts," he said.

Reuter

Dairy farmers quick to vote

By Our Commodities Staff

MORE THAN 96 per cent of the dairy farmers in South Wales have cast their votes in the referendum which will decide the future of the Milk Marketing Boards, the National Farmers' Union in Wales announced yesterday. There is still a week to go before polling closes.

"If producers generally throughout England and Wales responded to the same extent there should not be any doubt about the future of the Boards" a spokesman for the union said.

Brussels agrees to sugar pact membership talks

BY RICHARD [illegible]ONEY

THE EEC will take part in discussions on how it could join or associate itself with the International Sugar Agreement in London a month from today.

The discussions are scheduled to follow an ISO council meeting on December 13 and 14. The ISO is reportedly anxious to hold talks with the EEC before the 15th, however, to determine what measures could be taken to restrain Community exports.

EEC officials in Brussels stressed that the talks would only be preliminary and its agreement to take part nevertheless represents a significant step forward. Early last month the Community declined an invitation to attend a similar session aimed at exploring the possibilities of EEC membership of the ISA.

The main barrier to EEC ratification of the agreement is its structural beet sugar surplus, boosted by imports of cane sugar under the Lome Convention. To clear this surplus the Community has had to export large amounts of sugar with generous subsidies and it would find it extremely difficult to accept export limitation under the ISO quota system.

At yesterday's weekly export tender the EEC Commission authorised sales of [illegible] tonnes of white sugar and 10,000 tonnes of raws. Last week 49,040 tonnes of whites were authorised for export but no raws.

On the London terminal market prices eased slightly on speculative selling. Dealers said sentiment was undermined by the reported rejection of bids at a Puerto Rican selling tender. An offer of 70,000 tonnes for shipment to the U.S. attracted a maximum bd of 13.05 cents a lb c and f duty paid but this was considered inadequate. Further bids are expected to be invited today.

In Washington, meanwhile, Mr. Howard Hjort, the Agriculture Department's director of economics, said he sees passage of a new sugar programme as a key to agricultural item for the new Congress to deal with, reports Reuter.

He outlined his and the USDA's priorities in a talk at th eDepartment's annual Food and Agriculture Outlook Conference, which began yesterday.

While rating ratification of the international sugar agreement and approval of a "realistic" domestic sugar pricing programme as a key priority, Mr. Hjort said he sees no need for major legislative changes in other commodity support programmes.

World production of sugar in 1978-79 will fall slightly below the 91m short tonnes produced in 1977-78, Mr. Dawson Ahalt, acting chairman of USDA's world food and agricultural outlook and situation Board, told the conference.

A close balance between world sugar production and consumption is likely in 1978-79, he added.

● Cuba is believed to be aiming for a sugar crop of 7.5m to 8m tonnes in the 1978-79 season which began last weekend. No official target has been announced but officials are reported to have mentioned such a figure unofficially.

A crop of this size would replace last season's 7.35m tonnes as the second highest on record but would still be some way short of the all-time peak of 8.5m tonnes produced in 1970.

East European observers are forecasting an 8m tonnes crop providing the weather remains reasonable. Last month the Latin American sugar exporting organisation Geplacea, of which Cuba is a member, estimated a crop of 7.5mtonnes.

Sudden fall in lead market

BY JOHN EDWARDS, COMMODITIES EDITOR

IT WAS the turn of lead to be hit by speculative selling on the London Metal Exchange yesterday.

The market suddenly fell sharply in early morning trading, declining by over £16 at one stage, before rallying slightly later to close £12.5 down at £392.5 a tonne for cash lead.

The only fundamental news yesterday was confirmation that Amax, the U.S. producer, is to lift its force majeure on lead shipments imposed because of a strike at Buick, Missouri, smelter earlier this year.

Dealers suggested a more likely explanation for the sudden fall was that speculative selling failed to find any buying support at the higher levels. Once the decline started it was quickly accelerated by stop-loss sales in what was obviously an overbought market.

It was stressed that supplies of both primary and scrap lead are far from plentiful at present, but that prices had probably been pushed too high by speculators. After the shakeout prices are expected to rise again, if rather more slowly this time in view of the nervousness created by the erratic trend in the market.

Tin seems to be following a similar pattern. After having dropped sharply on Monday, prices rallied yesterday with standard grade cash tin closing £100 up at £7,710 a tonne. The recovery reflected increased trade buying interest at the lower levels.

Reuter reported from Johannesburg that the first consignment of Zambian copper had just been shipped from the East London port in South Africa. This follows the decision to reopen the southern rail route via Rhodesia and South Africa.

However, it was reported from Paris that Unita had launched renewed attacks on the Benguela railway.

Scrap 'breakthrough'

BY OUR COMMODITIES EDITOR

BRITISH SCRAP merchants yesterday welcomed a breakthrough in the restrictions on exporting copper alloys to countries outside the Common Market.

Until now exports of copper and copper alloy scrap have been confined to only three grades: contaminated nickel silver, enamelled hair wire and beryllium copper, for which there is only limited demand.

But from January 1 next year exports will be permitted of all scrap copper grades up to a quota limit of between 1,750 and 2,000 tonnes.

Although the quantity involved is minimal against total scrap copper traded, the UK merchants say one reason their quota has been so small is that limitation to very specialised grades has meant that the full quota has not been taken up.

It is expected that applications for export licences will now greatly exceed the quota allocated, which will give Britain a far stronger case in asking the Commission for a bigger percentage in the future.

Dutch cod quota used up

THE HAGUE, Nov. 14.

DUTCH FISHERMEN will not be allowed to catch cod in the North Sea from November 18 until the end of this year, the Agriculture and Fishery Ministry said.

A spokesman said the yearly cod quota of approximately 22,000 pounds will be reached on November 18, according to Government estimates.

Any fisherman taking cod after the deadline will have his catch seized and auctioned. The proceeds will go to the Dutch Government, AP-Dow Jones reports.

And in Ireland, west coast fishermen have been compensated from EEC funds for thousands of tonnes of mackerel dumped during the past weeks.

Compensation is costing the EEC £3.25 a box.

One estimate says at least 10,000 tonnes have been dumped in Co. Donegal alone. Catches have been big and market prices have slumped, making it more economic for fishermen to "sell" the mackerel to the Common Market's intervention authorities.

A spokesman for the Burton-branch of the Irish fishermen's organisation said while he condemned the terrible waste of valuable food, it was the fishermen's function to catch fish and it was the responsibility of fish marketing boards to find an outlet for the catches.

The fishermen have asked the Irish Government to provide cold stores in the area to ensure that if a similar situation recurs the fish will not be wasted.

Stable timber prices sought

HONG KONG, Nov. 14.

INDONESIA and Malaysia are making a joint effort to boost their income from tropical timber exports, the Asian Wall Street Journal reports.

They are pressing Japan and South Korea, the major buyers of such products, for a programme to stabilise log prices and for additional investment to help to develop processing.

Dato Harris Bin Mohd Salleh, Chief Minister of Sabah, and Soedjarwo, Indonesian Director General of Forestry, said here they will visit Japan and South Korea this week to talk to Government officials and forestry products importers.

It is expected that they will propose an increase in tropical timber prices which, they said, have not gone up as rapidly as production costs.

Indonesia and Sabah together produce 97 per cent of the world's supply of the so-called South Sea Log.

AP-Dow Jones

COMMON MARKET ENLARGEMENT

Restructuring Greek farming for EEC

BY DAVID RICHARDSON, RECENTLY IN GREECE

HIGH AMONG the potential economic advantages put forward by Greek proponents of EEC membership—and these include the influential Agricultural Bank of Greece which co-ordinates virtually all government policy towards agriculture—are the benefits to farming, the country's biggest industry.

Guaranteed prices for most products inside the Common Market, it is claimed, should be 15 per cent higher, and for olive oil nearer 40 per cent more than at present. In addition barriers to trade with other EEC countries in the shape of tariffs on some products would be abolished.

At the same time, for the benefit of existing EEC members who may fear competition, Greeks are at pains to point out that their agriculture is, for the most part, complementary to, not competitive with, that of the rest of the Community.

Milk and dairy products, some meats, and barley, all commodities in surplus in the present EEC, are habitually imported into Greece. Exports from Greece include durum wheat, rice, grain maize, cotton, tobacco, and out-of-season fruit and vegetables in which the Nine are not self-sufficient.

Furthermore, it is stressed, there is a policy of control and even positive disincentive for those commodities of which both Greece and the Nine have a surplus, and the encouragement of those in demand in Europe.

Special grants and cheap loans, for instance, are currently being denied to growers of olives intended for oil production. But the Greek Government has negotiated a loan from the World Bank of $30m and has itself contributed a further $54m, to be used over five years as grant aid to improve the efficiency, productivity and marketing of out-of-season vegetables suitable for sale to northern Europe.

Irrigation

Generous grants are also available for farm co-operatives which take positive steps to add value and improve the marketing of their produce. And enormously expensive schemes to expand flood irrigation of the fertile arable plains, involving mountain reservoirs and flow control from 12 rivers all over Greece, are progressing all the time.

At present about 25 per cent of the arable land is able to benefit from such schemes and there is said to be sufficient water to irrigate up to 50 per cent of the plains area eventually.

However, 60 per cent of Greece is made up of mountains which are barely capable of supporting the flocks of sheep and goats which graze over them. In spite of ambitious attempts to restructure the agriculture, and wherever irrigation is installed or co-operatives take over, the average size of a farm is still about 3.5 hectares (8.5 acres).

After generations of dividing land between families according to ancient traditions of inheritance, even such tiny farms are usually split into several separated strips.

The 1971 census indicated that some 34 per cent of the population derived the majority of its living from farming. Both the Government and the Agricultural Bank, on the other hand, have conducted sample surveys since and say the figure is actually close to 24 per cent. Even accepting the lower figure, however, the farm population of Greece is three times the average of the present Common Market.

Clearly the problems to be faced by the rest of the Common Market, as Greece finalises its terms of entry, will be social as well as agricultural. One of the key questions to be answered will be the extent to which the EEC is prepared to help to finance the continued, and essential, restructuring of Greek farms.

Overshadowing the whole dabate will be the interests of farmers in Italy and Southern France, who produce essentially the same commodities as Greece, many of which are in surplus, and the possibility that Spain, Portugal and Turkey will join soon afterwards.

Concessions made to help Greece with its relatively small (9m) population would not need to be of great significance to the EEC budget. But such concessions could become precedents when the other nations negotiate with their larger populations and greater capacity to compete with existing members' interests. So Greek membership could be a key to future development of the Community agricultural policy.

Bigger world wheat crop likely

PARIS, Nov. 14.

WORLD WHEAT production this season should be about 30m tonnes above last year and could approach the record 417m tonnes harvested in 1976, according to the Organisation for Economic Co-operation and Development (OECD), reports AP-Dow Jones.

A report by the OECD's committee for agriculture forecasts that crops outside the U.S. will be "at least" 35m tonnes higher than last year, while U.S. production is likely to be 6m tonnes lower as a result of the wheat "set-aside" programme.

Output in the Soviet Union is expected to rise to between 105m and 110m tonnes from 92m, while production in China should rise to 44m tonnes from 30m.

Total production in the 24 member countries of the OECD is estimated to be only about 5m tonnes higher than last year, but the reduction should be more than offset by a rise of almost 20 per cent in the EEC to 46.5m tonnes from 38.5m and of about 50 per cent in Australia to 13.8m from 9.4m.

Stocks of wheat in exporting countries at the beginning of the current season were also heavy at nearly 54m tonnes, the OECD remarks, and could rise by some 5m or 6m tonnes by the end of the season. More than half would be held in the U.S. it states.

Production of coarse grains "appears likely to increase by about 30m tonnes to reach a new record of about 730m tonnes, the OECD forecasts, with OECD countries accounting for about one-third of the increase.

The OECD committee says that while imports by the Soviet Union are expected to decline by 1.8m tonnes—the biggest reduction in forecast imports—"the reduction is modest in relation to the production increase, suggesting a willingness to build up stocks."

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange despite a steady start when forward metal moved up from £762 to £[illegible]. But the trend came off, influenced by the fall in lead, touching £759 at the end of the morning. A slightly higher Comex opening allowed an advance to £[illegible] but then the easier tendency was again apparent, helped by stale bull liquidation. The close on the Kerb was £[illegible]. Turnover 18,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	737-.5	+1.5	736-7	-2.25
3 months	759-.5	+1.5	759-.5	-1.5
Settlem't	737.5	+1.5		
Cathodes				
Cash	722.5-3.5	-.75	724-.5	-1.25
3 months	745.5-6		756.5-7	-1.75
Settlem't	723.5	-.5		
U.S. Prmt.			*72	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £738, 37, 37.5, three months £761, 60.5, 61, 61.5, 61, 60.5, 60, 59. Cathodes, three months £745.5. Kerb: Wirebars, three months £759.5, 60, 60.5. Cathodes, three months £747.5. Afternoon: Wirebars, three months £760.5, 60, 59.5. Cathodes, three months £747. Kerb: Wirebars, three months £759, 58, 58.5, 59, 58.5, 58, 57, 57.5, 58, 58.5, 58.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7700-20	+22.5	7700-20	+100
3 months	7570-90	-5	7590-610	+85
Settlem't	7720	+30		
Standard				
Cash	7680-90	-2.5	7700-20	+100
3 months	7550-5	-22.5	7575-80	+72.5
Settlem't	7690			
Straits E.	$2035	+5		
New York	—			

TIN—Steadier as forward metal started at £7,590 after overnight U.S. business and on European demand. But profit-taking caused a fall to £7,550. Renewed buying pushed the price back to £7,590 and although the gain was soon eroded, physical demand led the price to £7,600 before a close on the Kerb of £7,580. Turnover 1,455 tonnes.

Morning: Standard, cash £7,700, 7,690, three months £7,545, 40, 35, 30, 35, 40, 45, 70, 50, 70, 55. High Grade, cash £7,710. Kerb: Standard, three months £7,560, 65, 70. Afternoon: Standard, three months £7,570, 65, 70, 75, 79, 80, 85, 90. Kerb: Standard, three months £7,585, 80, 85, 90, 7,600, 7,590, 85, 80, 75.

LEAD—Sharply lower. Forward metal dropped from £394 to £378 on the pre-market with speculative selling finding the market lacking any buying interest. However, in the morning rings the price rallied to touch £381 and thereafter traded in a range of £376 to £381 prior to closing at £376 on the late kerb. Turnover 15,895 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	395.5-6.5	-11.7	392-3	-12.5
3 months	385.5-2.5	-11.7	380-.5	-12
Settlem't	396.5	-11.5		
U.S. Spot			*36.36	

Morning: Cash £396, 95.5, three months £379, 77, 76, 77, 78, 78.5, 79, 80, 79.5, 79, 79.5, 79, 79.5, 80, 81, 82, 82.5, 82. Kerb: Three months £[illegible], 82.5, 83, 82.5, 82, 82.5. Afternoon: Three months £379, 77, 77, 79, 78.5, 78, 79, 79.5, 80, 81, 80.5. Kerb: Three months £379, 78, 77, 76, 77, 76.5, 77, 76.5.

ZINC—Lost ground in line with the general trend in other base-metals. Forward material opened on the pre-market around the £362 level but quickly fell back to £357 under the influence of lead. In the afternoon the downturn in copper prompted further selling which depressed the price to £354.5 on the late kerb. Turnover 15,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	346.5-8.5	-4.5	342.5-3.5	-7.75
3 months	359-.5	-4.25	355-6	-7.75
S'ment	346.5	-4.5		
Prim. west			*33.5-4.5	

Morning: Three months £358, 57, 57.5, 58, 57.5, 57, 56.5, 58, 57.5, 56, 55.5, 56. Kerb: Three months £356. Afternoon: Three months £355, 57, 56. Kerb: Three months £355, 55, 54, 54.5, 55, 55.5, 56, 55.

ALUMINIUM—Lower as the market continued to reflect trading conditions outside. Forward metal fell throughout the day from £602 to a close on the Kerb of £598 with some stop-loss selling evident. Turnover 1,230 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot				
3 months	631.5-2	-1.75	599-.5	-2.5

Morning: Three months £602. Kerb: Three months £602. Afternoon: Three months £601, 600, 600.5, 599.5, 99. Kerb: Three months £599, 98.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 6.8p an ounce higher for spot delivery in the London Bullion market yesterday at 297.6p. U.S. cent equivalents of the fixing levels were: Spot 585.8c, up 13.6c; three-month 598.5c, up 14.2c; six-month 611.90c, up 14.9c; and 12-month 636.7c, up 15.8c. The metal opened at 296.1-297.1p (583-585c) and closed at 295½-296½p (582-584c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	297.6p	+5.8	295.3p	+3.9
3 months	305.8p	+6.95	303.6p	+4.85
6 months	314.2p	+7.0	—	
12 months	329.9p	+7.0	—	

LME—Turnover 436 (246) lots of 10,000 ozs. Morning: Three months 303.8, 3.7, 5.8, 5.9, 5.8, 5.7, 5.5, 5.9, 6, 5.5, 5.6, 5.5. Kerbs: Three months 305.5, 5.6, 5.5. Afternoon: Three months 304.8, 4.5, 4.8, 4.2, 4, 3.8, 3.7, 3.5, 3.6, 3.7, 3.8. Kerbs: Three months 303.7, 3.6, 3.5, 3.6, 3.4, 3.2, 3.5, 3.7, 3.8.

Index Limited 01-351 3466. Three month Silver 302.4-304.9

Lamont Road, London SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COCOA

After initially easing cocoa prices were steady during a dull day before renewed commission house buying in the late afternoon caused the market to rally closing just below the day's highs, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	2035.0-59.0	+10.0	2048.0-35.0
March	2188.0-88.0	+14.5	2092.0-51.0
May	2115.0-18.0	+6.0	2115.0-55.0
July	2117.0-11.5	+5.75	2114.0-85.0
Sept	2101.0-05.0	+15.5	2101.0-67.0
Dec	2055.0-56.0	+7.75	2155.0-25.0
March	2020.0-45.0	-1.5	2006.0-0

Sales: 5,323 (5,954) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Nov. 13 179.97 (179.75). Indicator prices Nov. 14: 15-day average 179.59 (179.56); 22-day average 176.92 (176.74).

COFFEE

ROBUSTAS slipped lower in early trading due to light dealer selling, Drexel Burnham Lambert reports. The market moved in a narrow range for the rest of the day before late buying steadied values at £5 higher on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1532-1535	+02.0	1534-1524
January	1445-1447	+05.5	1447-1432
March	1344-1345	-0.50	1345-1333
May	1297-1299	+05.5	1299-1290
July	1269-1272	-01.5	1265-1265
September	1242-1247	-00.5	1245-1235
November	1222-1230	-06.5	1220

Sales: 1,996 (2,715) lots of 5 tonnes.

ICO Indicator prices for Nov. 13 (U.S. cents per pound): Colombian Mild Arabicas 172.50 (173.00); unwashed Arabicas 158.50 (same); other mild Arabicas 151.83 (149.83); Robustas ICA 1976 148.00 (148.50); Robustas ICA 1968 149.00 (149.50). Daily average 146.29 (149.17).

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged but found outstanding commercial buying in barley and values steadily improved all day and closed up to 50p higher on aggressive shipper buying. Wheat was steady despite good hedge selling although the close of between 15-35 points up on the day was in sympathy with barley. New crops were neglected with wheat losing 10 points and barley gaining 10 points. Much strength has emanated from strong fob markets on barley with December trading at $4.25 and $4.50 and January-March was bid $6.75 with few apparent sellers, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov	89.10	+0.35	80.80	+0.75
Jan	90.55	+0.30	85.00	+0.70
Mar	93.00	+0.15	85.45	+0.85
May	95.60	-0.25	87.90	+0.75
Sept	89.60	-0.10	83.35	+0.10

Business done—Wheat: Nov. 89.10-88.85, Jan. 90.55-90.30, March 93.00-92.90, May 95.60-95.35, Sept. 89.60-89.60. Sales: Nil. Barley: Nov. 80.75-80.35, Jan. 85.00-82.50, March 85.45-85.00, May 87.90-87.35, Sept. nil. Sales: Nil.

HGCA—Location ex-farm spot prices. Other milling wheat: N.E. England 86.85, Berks and Oxon 89.10. Feed barley: N.E. England 79.60, Berks and Oxon 76.80.

The UK monetary coefficient for the week beginning November 20 (based on HGCA calculations) is expected to remain unchanged.

EEC DAILY IMPORT LEVIES—The following EEC levies and premiums are effective for Nov. 15 in order current levy plus December, January and February premiums (with previous in brackets), all in units of account per tonne. Common wheat—120.20, rest nil (120.20, rest nil). Durum wheat—120.96, rest nil (122.96, rest nil). Rye—80.58, rest nil (80.58, rest nil).

Barley—85.57, rest nil (85.32, rest nil). Oats—79.58, rest nil (80.17, rest nil). Maize (other than hybrid for seeding)—79.09, rest nil (79.09, rest nil). Buckwheat—1.61, rest nil (1.61, rest nil). Millet—46.90, rest nil, 7.25 (46.90, rest nil, 8.74). Grain sorghum—77.95, rest nil (77.95, rest nil). Flour levies: Wheat or mixed wheat and rye flour—121.48 (123.06). Rye flour—124.00 (124.00).

IMPORTED—Wheat: CWRS No. 1 13½ per cent Nov-Dec. 94.25 seller Tilbury. U.S. Dark Northern Spring No. 2 14 per cent Nov. 89.75, Dec 91.25 sellers transhipment east coast. U.S. Hard Winter 13½ per cent Dec. 89.50 quoted transhipment east coast. EEC unquoted. Maize: U.S. French Nov. 103, Dec. 104.50 seller transhipment east coast. South African White Jan.-Feb. 67.00 UK. South African Yellow Jan.-Feb. 67.00 UK. Barley: English feed fob Dec. 83.00, Jan.-March 86.00 seller transhipment east coast.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 56 tonnes, bringing the total for the week so far to 209 tonnes. Only small operations took place, with buyers limiting their purchases. Activity was confined to minor replenishment operations in Turkish and Russian styles.

RUBBER

EASIER opening on the London physical market. Good interest at lower levels, closing steadier. Lewis and Peat reported the Malaysian godown price was 250 (251) cents a kilo (buyer, December).

Sales: 2 (10) at 5 tonnes 691 (397) lots of 15 tonnes.

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec	60.70-61.10	61.50-61.70	60.80
Jan	62.00-62.20	62.50-62.60	—
Jan-Mar	63.20-63.40	63.70-63.80	63.55-62.90
Apr-Jne	65.85-66.00	66.40-66.45	66.40-65.50
Jly-Sept	68.10-68.20	68.75-68.80	68.75-67.90
Oct-Dec	70.60-70.45	71.00-71.05	71.00-70.25
Jan-Mar	72.65-72.70	73.15-73.20	73.00-72.40
Apr-Jne	74.85-74.95	75.35-75.40	75.25-74.75
Jly-Sept	77.00-77.10	77.60-77.65	77.50-77.00

Physical closing prices (buyers) were: Spot 60.25p (61.0); Dec. 61.7p (62.25); Jan. 62.75 (63.5).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£per tonne		
December	120.80-21.4	-1.15	122.50-20.80
February	121.80-22.0	-0.8	122.50-21.50
April	122.50-22.4	-0.85	123.00-22.00
June	122.2-22.7	-0.5	122.00
August	122.4-23.3	-0.7	122.50
October	121.80-24.0	-3.5	—
December	121.0-25.0	-0.3	—

Sales: 75 (89) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £100.00 (£101.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £101.50 (same).

The market opened around overnight levels but prices soon drifted in dull trading conditions, reports C. Czarnikow. Later, however, higher New York quotations reversed the trend and a rally of some 150 points occurred. Final prices were the highs of the day.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	108.00-08.25	108.45-08.55	108.25-06.75
March	111.50-11.60	111.45-11.55	111.55-10.80
May	114.15-14.20	113.55-14.00	114.20-12.80
Aug	116.65-16.75	116.55-16.40	116.75-15.25
Oct	119.75-20.00	119.75-19.90	119.75-18.75
Dec	122.25-22.75	122.00-22.50	122.50-21.50
March	126.00-26.50	126.0-25.50	126.00

Sales: 1,718 (1,581) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £172.50 (£173.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Nov 13: Daily 8.65 (7.86); 15-day average 8.59 (8.65).

WHITE SUGAR—Close (in order buyer, seller): Feb. 109.50-110.00. April 113.00-114.00. July 119.10-119.50. Sept. 122.00-123.00. Nov. 127.50-129.00. Feb. 132.00-134.50. April 135.00-138.00. Sales: 172.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 54.0 to 58.5. Eire hindquarters 62.0 to 65.0, forequarters 34.0 to 38.0.

Veal: Dutch hinds and ends 83.0 to 87.0. Lamb: English small 50.0 to 58.0, medium 50.0 to 54.0, heavy 48.0 to 52.0; Scottish medium 50.0 to 54.0, heavy 48.0 to 51.0. Imported frozen: N.Z. YLs 49.0 to 51.0.

Pork: English, under 100 lbs 37.0 to 45.0, 100-120 lbs 35.0 to 45.0, 120-160 lbs 35.0 to 43.0.

Grouse: Young best (each) 190.0 to 220.0.

Partridges: Young (each) 200.0 to 240.0.

MEAT COMMISSION—Average fatstock prices at representative markets on November 14. GB—Cattle 69.00p per kg.l.w. (-0.37). UK—Sheep 131.4p per kg.est.d.c.w. (-2.2). GB—Pigs 58.9p per kg.l.w. (+1.0). England and Wales—Cattle numbers up 9.6 per cent, average price 66.77p (-0.07). Sheep down 2.8 per cent, average 131.5p (-2.3). Pig down 8.1 per cent, average 63.8p (+1.2). Scotland—Cattle up 3.2 per cent, average 71.35p (+1.55). Sheep down 14.2 per cent, average 126.1p (+1.8). Pig down 5.6 per cent, average price 65.7p (-0.5).

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Lemons—Italian 120/150s new crop 5.50-5.75; S African 4.00-7.00; Cypriot Trays 4.50-5.20; Boxes 144/168 6.00-6.50. Oranges—S. African Valencia Late 2.50-4.50; Spania Navelinas 3.70-5.50. Satsumas—Spania: Trays 1.60-1.20. Grapefruit—Dominican 3.60-4.00; Cyprus 3.00-3.70; Israeli Jaffa 2.65-3.25; Cuban 2.60; Texas Red Blush 5.30. Apples—French: Golden Delicious 20-lb 72 2.40, 84 1.80-1.90; 40-lb 138 163 175 4.50-5.00, jumble pack per pound 0.08; Stark Crimson 20-lb 72 1.80-2.00, 84 1.80, jumble pack approx 40-lb 1.50-1.80; Granny Smith 20-lb 72 2.40, 84 1.80, large boxes 105/163 4.40-4.60; Canadian: McIntosh Reds 20-lb 70/90s 2.70-2.90. Pears—Italian: Per pound Williams 0.16-0.17, Passacrassane 0.10. Grapes—Spanish: Almeria 3.00-5.30, Negri 3.20-3.50; Italian: White Ohanes 2.80, black Ohanes 2.80. Bananas—Jamaican: Per pound 0.14. Avocados—Israeli: 3.50. Pineapples—S. African: 7.9s 2.50. Onions—Spanish: 3.70-4.00; Dutch: 1.80-2.00. Melons—Spanish: Green 4.20-4.60; Israeli: Carmel Yellow 4.20-4.50. Tomatoes—Jersey: 1.80-2.60; Spanish: 3.20-4.00. Cucumbers—Canary: 10/16s 2.60-3.00. Dates—Algerian: Per glove box 0.34-0.35; Californian: Tubs 0.30. Pomegranates—Spanish: Per box 40/60s 1.80-2.00. Walnuts—French: Per pound Grenobles 0.40; Italian: Wet 0.40; Californian: 0.32-0.35; Chinese: 0.30. Brazils—LWM per pound 0.50. Tucantins 0.39-0.40. Chestnuts—Italian 10 kilos 5.20; Spanish: 5 kilos 2.70-4.00.

English Produce: Potatoes—Per 25 kilos 1.20-1.40. Lettuce—Per 12 round 1.10-1.20. Mushrooms—Per pound 0.50. Apples—Per pound Bramley 0.04-0.07, Lord Derby 0.04-0.05, Cox's Orange Pippin 0.06-0.14, Worcester Pearmain 0.05, Russets 0.04-0.08, Spartan 0.06-0.08. Pears—Per pound Conference 0.06-0.14, Comice 0.14-0.18. Cabbages—Per crate 0.60-0.90. Celery—Per head 0.06-0.10. Cauliflowers—Per 12 Lincoln 1.00-1.20, Kent 1.50-1.60. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.40-0.70. Capsicums—Per pound 0.35-0.40. Courgettes—Per pound 0.30. Onions—Per bag 1.80-2.20. Picklers 2.30-2.50. Swedes—Per 28-lb 0.50. Turnips—Per 28-lb 0.70-0.80. Parsnips—Per 28-lb 0.80-0.90. Sprouts—Per pound 0.04-0.05. Cobnuts—Per pound Kent 0.40.

WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Y'sterd'y's Close	+ or —	Business Done
December	228.0-31.0		—
March	233.0-35.0		—
May	237.0-40.0		—
July	250.0-39.0		—
October	250.0-39.0		—
December	256.0-39.0		—
March	257.0-39.0		—
May	240.0-44.0		—

Sales: Nil (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 348.2, 348.8, 348.5-345.2, 23; March 353.1, 353.5, 354.0-353.5, 5; May 357.8, 358.2, 359.0-358.0, 15; July 361.0, 361.8, 362.0-361.0, 30; Oct. 362.0, 362.5, 363.0-362.5, 15; Dec. 364.0, 364.5, 365.0-364.0, 14; March 365.0, 366.0, 368.5-365.5, 2; May 366.0, 370.0, nil, nil. Total sales: 105.

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business, sales): Dec. 180.0-186.0, nil, nil; March 182.0-183.0, nil, nil; May 182.0-185.0, nil, nil; July 182.0-186.0, nil, nil; Oct. 188.0-192.0, nil, nil; Dec. 192.0-196.0, nil, nil; March 192.0-196.0, nil, nil; May 192.0-196.0, nil, nil.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone. Shelf cod £4.50-£5.00, codlings £2.60-£3.60; large haddock £4.50-£5.00, medium £3.80-£4.30, small £2.70-£3.60; medium plaice £4.40-£5.00, best small £3.80-£4.50; large skinned dogfish £7.50, medium £6.00; large lemon soles £7.00, medium £6.50; saithe £2.70-£3.10.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 14 1978	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cif)	$1,180/20		$1129/30
Copper cash W Bars	£736.5	-2.25	£749.5
3 months do. do.	£759.25	-1.5	£770.75
Cash Cathode	£724.25	-1.25	£737.25
3 months do. do.	£746.75	-1.75	£758.75
Gold Troy oz.	$210.375	-0.25	$224.375
Lead cash	£392.5	-12.5	£420
3 months	£380.25	-12.0	£400.5
Nickel			
Free Market (cif)(lb)	$1.72 1.82		$1.78 190
Platinum troy oz.	£142		£130
Free Market	£162.85	+1.75	£170.15
Quicksilver (76lb.)	$135.40	+2.0	$120.25
Silver troy oz.	297.6p	+6.8	298.85p
3 months	305.8p	+6.95	306.55p
Tin Cash	£7,710	+100.0	£7,790
3 months	£7,577.5	+72.5	£7,585
Tungsten (2)	$145.71		$142.94
Wolfram 22.04 cif	$143/48		$142-47
Zinc cash	£343	-7.75	£355.5
3 months	£355.5	-7.75	£368.625
Producers	$720		$675
Oils			
Coconut (Phil)	$865x		$818
Groundnut	‡		‡
Linseed Crude (v)	£346		£326
Palm Malayan	$608x		$620
Seeds			
Copra Phillip	$575x	+5.0	$540
Soyabean (U.S.)	$278x	-1.0	$286
Grains			
Barley			
Home Futures	£85	+0.7	£83.5
Maize			
French No. 3 Am	£105		£101
Wheat			
No. 1 Red Spring	£94.25x		£94.55
No. 2 Hard Winter	£89.5x		‡
English Milling†	£92		£91
Cocoa shipment	£2,134	+14.0	£1,952.5
Future Mar	£2,088.5	+14.5	£1,914
Coffee Future			
Jan	£1,446	-3.5	£1,545
Cotton 'A' Index	79.05c		76.95
Rubber kilo	60.25p	-0.75	60.25p
Sugar (Raw)	£100	-1.0	£107
Wooltops 64s kilo	272p		273p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. o Sept. s Oct.-Nov. t Nov.-Dec. x Jan. w Dec. z Per ton. ± Indicator prices.

INDICES

FINANCIAL TIMES

Nov. 13	Nov. 10	Month ago	Year ago
260.98	262.46	264.00	238.34

(Base: July 1, 1952=100)

REUTERS

Nov. 14	Nov. 13	Month ago	Year ago
1509.5	1518.1	1514.3	1473.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 13	Nov. 10	Month ago	Year ago
Spot	393.01	394.31	383.16	364.54
Futures	388.79	389.85	388.80	322.37

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 13	Nov. 10	Month ago	Year ago
Sple Commty	977.3	979.6	974.5	819.8

(December 31, 1931=100)

IRISH FARMERS PLAN MERGER

Financial Times Reporter

THE Irish Republic's two largest groups of organised farmers—the Irish Farmers' Association and the Irish Creamery Suppliers' Association—announced yesterday that they were to merge.

U.S. Markets

Gold rises; copper and cocoa rally

NEW YORK, Nov. 13.

PRECIOUS METALS closed higher on commission house buying and short covering amid concerns over the prospects of the collapse of the Egyptian/Israeli peace talks. Copper and cocoa rallied on trade arbitrage buying and speculative short covering while sugar finished on an easier note following renewed speculative and chartist selling, Bache reports.

Cocoa—Dec. 176.60 (175.55), March 176.40 (175.35), May 175.90, July 175.20, Sept 174.20, Dec. 170.45. Sales: 585.

Coffee—"C" Contract Dec. 148.10-148.25 (150.66), March 139.50-142.75 (141.75), May 136.50-136.30, July 134.75-137.50, Sept. 135.00, Dec. 128.00-128.90, March 120.00-125.00. Sales: 640.

Copper—Nov 64.75 (64.15), Dec. 65.15 (64.60), Jan. 65.85, March 67.35, May 68.55, July 69.65, Sept 70.70, Dec. 72.00, Jan. 72.45, March 73.30, May 74.15, July 75.00, Sept. 75.85.

Cotton—No. 2: Dec. 67.30-67.45 (66.28), March 70.25-70.40 (71.15), May 71.85, July 72.10-72.20, Oct. 67.16 bid, Dec. 66.05-66.10, March 66.00-66.95. Sales 7,050 (9,650).

Gold—Nov. 210.60 (209.60), Dec. 211.20 (210.20), Jan. 212.00, Feb. 215.20, April 219.40, June 223.50, Aug. 227.90, Oct. 232.20, Dec. 236.70, Feb. 241.10, April 246.00, June 250.70, Aug. 255.40.

Lard—Chicago loose not available (25.00). NY prime steam 25.50 traded (25.50 traded).

Maize—Dec. 230½-229½ (229¼), March 239-238½ (238½), May 245-244½, July 248½-248, Sept. 249, Dec. 250.

Platinum—Jan. 313.00-316.00 (316.80), April 315.70-316.50 (319.60), July 319.70-319.90, Oct. 323.10-323.30, Jan. 326.50-326.70, April 329.60-329.80, July 332.90-333.10.

This edition went to Press before the latest U.S. commodity prices were available.

Silver—Nov. 577.80 (568.50), Dec. 579.00 (570.00), Jan. 583.70, March 592.60, May 601.70, July 611.00, Sept. 620.30, Dec. 633.10, Jan. 640.10, March 649.80, May 659.60, July 669.50, Sept. 679.50. Handy Harman bullion N.Y. 570.40 (567.10).

Soyabeans—Nov. 670 (673½), Jan. 683-681 (685), March 694½-694 (696), May 700-701, July 702-705, Aug. 694-695, Sept. 674, Nov. 661.

Soyabean Meal—Dec. 185.60-195.90 (188.20), Jan. 187.10-156.50 (187.70), March 185.50-159.00, May 186.50-187.00, July 186.50-187.00, Aug. 186.00-184.50, Sept. 185.00-186.00, Oct. 180.00-180.50, Dec. 180.00.

Soyabean Oil—Dec. 24.20-24.30 (24.17), Jan. 24.40-24.45 (24.32), March 24.65-24.70, May 24.70-24.75, July 24.85-24.80, Aug. 24.50, Sept. 24.30, Oct. 24.10, Dec. 23.90-23.95.

Sugar—No. 11: Jan. 8.00-8.15 (8.09), March 8.64-8.65 (8.65), May 8.84, July 9.04-9.06, Sept. 9.24, Oct. 9.36-9.39, Jan. 9.65-9.75, March 9.90-9.95.

Tin—700.00 to 710.00 asked 719.00 (725.00).

Wheat—Dec. 367-367½ (362½), March 355-355½ (351½), May 345-345¼, July 330½-330, Sept. 332-332½, Dec. 338 bid.

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

STOCK EXCHANGE REPORT

Equities stage biggest rise for thirteen months

Gilts not left out as remaining tap is exhausted

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19

*"New time" dealings may take place from 9.30 am two business days earlier.

Leading equities had their best day for some 13 months as measured by yesterday's jump of 13.0 to 487.5 in the FT 30-share index. Gilt-edged securities were not left out of the picture and a revived large investment demand exhausted the Government broker's supplies of the near-short tap Exchequer 10 per cent 1983 following the running out of the long tap last Friday.

Equity prices moved ahead from the start with sentiment helped by hopes of an early announcement of an agreement between the Government and TUC leaders to restrain inflation. The resumption of talks today between Ford management and unions was another helpful factor and in the market background encouraging noises were being heard about the October trade returns.

Quotations were pushed higher along with those of British Funds in the after-hours' trade following the much better-than-expected current account surplus of £209m in the UK's October balance of trade.

The equity market had been poised for some days to make a technical rally after the index fall of around 12 per cent from its mid-September high for the year. Recently, sellers have been noticeably more reluctant at the lower levels and professional operators had trimmed their short positions. Yesterday's spurt, which left prices of the index constituents with gains ranging to 10p and occasionally more, reflected bear closing and attempted buying in a market acutely short of stock.

British Funds were more eventful than equities. A revived investment demand centred on the near-short tap issue and the Government broker's supplies of the stock, Exchequer 10 per cent 1983, were exhausted at 88¼, after he had withdrawn at 88⅛. The upturn was given added impetus by the unexpected October trade surplus and after-hours' the tendency was very firm with quotations at both ends of the market around ½-point higher on the day.

Quiet conditions prevailed in the investment currency market. The premium again moved between very narrow limits and eventually closed ½ lower at 82 per cent. Yesterday's SE conversion factor was 0.7270 (0.7223).

In belated response to the week-end revelation that Petro Canada had acquired a 48 per cent shareholding in Pacific Petroleum, the latter jumped 5¼ points to £22⅞ in Canadians.

Yesterday was the busiest in the *Traded Option market for nearly two months.* Helped largely by a good business in ICI in which 231 contracts were done, the number of deals transacted rose to 1,230 compared with the previous day's 604.

Banks quietly firm

The expected base lending rate increases by the other major clearers in the wake of NatWest's move on Monday, failed to attract much interest to the sector, but prices moved higher with the general trend. **Lloyds** closed 7 dearer at 265p and **Barclays** and **Midland** both put on 4 to the common level of 352p; NatWest finished 3 up at 273p. Elsewhere, **Hong Kong and Shanghai** rallied 9 to 263p. Discounts mirrored the firm trend of gilts with gains ranging to 10p.

Firm conditions prevailed in Insurances where **C. E. Heath** rose 12 to 262p following comment on the interim results. Reports of a broker's bullish circular helped **Hambro Life** advance 20 to 395p in a thin market while, in front of their third-quarter profits statement today, **General Accident** added 6 to 204p. **Royals**, which report tomorrow, improved 5 to 358p and **Phoenix** gained 6 to 224p. **Sun Alliance** appreciated 16 at 500p.

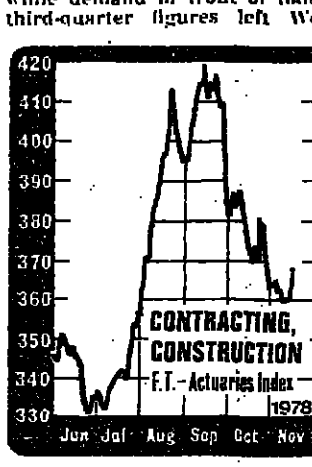
Breweries enjoyed another reasonably brisk and firm day's trading. Support was again forthcoming for the leaders and **Scottish and Newcastle** were prominent with a rise of 4 at 63½p. **Bass** improved a similar amount to 163p and gains of around 3 were recorded in **Guinness**, 154p, and **Whitbread "A,"** 102½p. **Matthew Clark** rose 8 to 138p. Elsewhere, demand persisted for **Distillers**, 6 to the good at 201p, while buying in a difficult market left **Arthur Bell** 14 higher at 250p.

Recently neglected Buildings encountered an increased trade and closed on a firm note. **Richard Costain** finished 10 higher at 242p and **SGB** 8 up at 160p. Gains of around 3 were marked against **Fairclough**, 67p, and **French Kier**, 37½p. News of a possible £1m over-provision for losses on a Saudi Arabian military contract directed attention towards **Bryant** which firmed 2 to 47p, but the increased annual loss and dividend omission left **J.C.E.G.** down at 17p. In Cements, **Blue Circle** reflected the market's late firmness and closed 6 up at 260p, and **Tunnel B** added 8 to 278p. Still on contract news, **Tarmac** gained 5 for a two-day rise of 10 to 150p.

ICI made steady progress and closed 8 higher at 375p; the third-quater figures are due next week. **Fisons** held a similar gain at 324p. Elsewhere, a late resurgence of speculative interest lifted **Stewart Plastics** 11 to 174p. **Hickson and Welch** provided a *contrasting dull spot, dropping* 15 to 197p in belated response to adverse weekend Press comment.

Woolworth firm

Following initial firmness, Store leaders made further progress after-hours and closed at the day's best. Despite reporting uninspiring first-half profits, **W. H. Smith A** rallied from 141p to finish 5 up on balance at 149p, while demand in front of today's third-quarter figures left **Woolworth** 4 to the good at 70½p. **Marks and Spencer** rose 5 to 88p and **Burton A** closed similarly higher at 170p. **Gussies A** gained 12 to 308p and improvements of 8 and 7 respectively were recorded in **British Home**, 201p, and **Combined English**, 113p. Still reflecting Press comment, **Ratners** advanced 4 more to 69p, while further speculative support in a thin market left **James Walker** up 6 more at 114p. Comment on the higher interim profits helped **Cope Sportswear** close 3 higher at 57p.



Electricals made a particularly good showing, sentiment being boosted by a broker's favourable review of the industry. **GEC**, up 7 more at 322p, were again outstanding in the leaders, while **Thorn** improved 5 to 356p and **Plessey** 3 to 110p. **Chloride** hardened 2 further to 116p awaiting today's interim results. Electronic issues to make headway included **Farnell**, up 20 at 375p in a restricted market, and **Electrocomponents**, 8 to the good at 283p. **Eurotherm** gained 7 to 180p and **Petbow** 5 to 90p.

Interest in the Engineering leaders centred chiefly on **John Brown** which were dealt in ex the rights issue; the Ordinary moved ahead to close at 410p, up 12, while the new shares started at 50p premium and closed at the day's best of 64p after a fairly brisk trade. **Hawker Siddeley** were noteworthy for a rise of 10 at 238p and rises of 4 were marked against **GKN**, 268p, and **Vickers**, 190p. Elsewhere, **APV**, a poor market of late, moved up 7 to 197p, while **Weir Group** also encountered support and rose a similar amount to 104p.

Foods took initial firmness a stage further in the late dealings. Press suggestions of a bid from **Brooke Bond**, unchanged at 47p, lifted **Robertson** 10½ to 147½p. **J. Sainsbury** advanced 7 to 237p, while merger suggestions and hopes about next Wednesday's interim figures left **Tesco** 3½ up at 56½p. **Kwik Save** added 2 for a two-day rise of 5 at 87p in response to an investment recommendation. News that more bread is reaching the shops helped **A. B. Foods** gain 4 to 72p and **RHM** a penny to 52½p. **J. Bibby** put on 8 to a high for the year of 282p and **Spillers** 2 to 32½p, while **Cadbury Schweppes** added 3 to 56p. **J. N. Nichols (Vimto)** improved 15 to 215p in response to the better-than-expected interim results and **W. J. Pyke** gained 7 to a 1978 peak of 73p on a revival of speculative demand in a thin market.

Beecham firm

The October trade returns enabled the miscellaneous Industrial leaders to take earlier gains a useful stage further in inter-office dealings. Subsequently, closing levels were usually the day's best with **Beecham** particularly notable for a rise of 15 to 650p in front of today's interim results. Comment ahead of tomorrow's half-yearly statement helped **Boots** finish 9 higher at 202p. **Reckitt and Colman** ended 14 better at 454p and **Unilever** 8 up at 548p, the latter following comment on the third-quarter figures. **Smiths Industries**, 205p, and **Sketchley**, 124p, rose around 8 in response to their favourable trading statements while **Extel** gained 5 to 112p on buying ahead of their interim results due tomorrow week. **LCP** improved 3 to 90p in response to higher interim profits and **De La Rue** rallied 13 to 393p from recent depressed levels which followed the disappointing interim performance. **ICL** revived with a rise of 10 to 435p and **Sotheby PB** improved 6 to 323p; the latter's results are expected soon.

Ahead of Thursday's announcement of the annual results, **LWT A** moved up 7 to 140p. Elsewhere in Leisure, **Norton and Wright** gained 6 to a 1978 peak of 130p.

Motor and Kindred issues encountered a brisk trade, hopes of a Ford settlement today pushing most issues to higher levels. **Lucas** improved 11 to 304p, while **Dowty** closed 7 better for a two-day rise of 14 to 265p. Distributors also moved ahead. **T. C. Harrison**, 6 to the good at 106p, and **Harold Perry**, 7 up at 113p leading the rally. Gains of around 5 were seen in **Rolls-Royce**, 106½p, and **Plaxtons**, 103p, the latter at a new peak for 1978. **General Motors Units**, on the other hand, reacted to overnight Wall Street and gave up 12 to 185p.

Still influenced by Press comment, **Saatchi and Saatchi** put on 4 for a two-day rise of 12 to 107p. **Oxley Printing** found support and improved 5 to 64p.

Standing 6 higher anticipating the interim results, **Land Securities** eased marginally following the statement but picked up in the later trade to close 9 up at 233p. Other Properties made useful progress with **MEPC** 8 better at 142p, **Stock Conversion** 12 higher at 272p and **Haslemere** 16 to the good at 242p. Other notable improvements included **Bradford**, which gained 12 to 256p, and **Scottish Metropolitan**, up 6 to 109p, the latter in response to the chairman's confident annual statement. Ahead of today's annual results, **Peachey** firmed 3½ to 82p, while **Great Portland Estates** found late support and advanced 10 to 220p. A depressed market since Friday's interim results, **Hammerson A** rallied 10 to 590p. **Control Securities** put on 2 to 36p following the mid-term return to profits.

Quieter conditions prevailed in Oils after the previous day's flurry of activity. Nevertheless, the tone was again firm and **British Petroleum** improved 8 further to 916p, while **Shell** added 10 more to 587p ahead of tomorrow's third quarterly figures. Outside the leaders, **Siebens (UK)** revived with a jump of 16 to 280p.

Investment Trusts followed the better general trend. Among the noteworthy movements, **Winterbottom** advanced 10 to 205p, while **Rothschild** continued to benefit from the assets revaluation and gained 5 more to 196p. Among *Financials*, **London Merchant Securities** gained 4 to 64p.

Following the return to profitability and the proposed rights issue, **John Foster** touched a 1978 high of 45p before closing a net 2 up at 43p. A firm market of late, **Sirdar** advanced 6 more to 105p on revived speculative interest, while gains of around 4 were recorded in **Youghal**, 33p, and **Nottingham Manufacturing**, 131p.

Tobaccos took on a firmer stance. **Bats** ending 12 to the good at 275p, with the **Deferred** 10 better at 240p. **Imps** put on 3 to 84p.

Quiet Mines

London-registered Financials were the only section of mining markets to attract much buying interest yesterday. The good trade figures lifted the UK equity market quite substantially and consequently prompted a fair demand for issues such as **Rio Tinto-Zinc**, which hardened 5 to 241p, after 243p, **Gold Fields**, which put on 3 to 177p and **Charter Consolidated**, up 6 to 140p; the last-named is due to announce half-year results today.

South African Gold shares remained subdued, despite the steadiness of the bullion price. The latter closed 25 cents firmer at $210.375 per ounce in front of tomorrow's U.S. Treasury gold auction at which 750,000 ounces will be on offer, more than double the amount offered at previous U.S. Treasury sales.

The share market opened on a steady note but tended to drift in idle trading. The Gold Mines index eased 0.3 to 137.8, but the ex-premium index edged up 0.5 to 100.2.

South African Financials drifted on lack of interest with **De Beers** 8 down at 348p. **Impala Platinum** continued to lose ground in a generally quiet Platinums section; the shares gave up 4 more to 166p following the chairman's cautious statement.

The continuing weakness of overnight Sydney and Melbourne *markets led to further losses in* Australians. Among diamond exploration issues **Conzinc Riotinto** fell 8 to 246p, **Ashton Mining** 3 to 66p and **Northern Mining** 7 to 77p.

MIM Holdings were the subject of persistent London selling and declined 4 to 183p on consideration of last week's news that the company is to close its London register next February.

FINANCIAL TIMES STOCK INDICES

—	Nov. 14	Nov. 13	Nov. 10	Nov. 9	Nov. 8	Nov. 7	A year ago
Government Secs.	68.28	67.98	67.82	68.06	68.65	68.38	77.55
Fixed Interest	69.41	69.30	69.56	69.80	70.05	70.01	79.31
Industrial	487.5	474.5	473.2	471.7	474.4	469.5	487.9
Gold Mines	137.8	138.1	136.3	135.7	139.1	135.9	155.0
Gold Mines (Ex-$ pm)	100.2	99.7	99.1	99.5	103.5	100.8	99.8
Ord. Div. Yield	5.59	5.71	5.75	5.76	5.74	5.79	5.51
Earnings Y'ld % (full)	16.64	15.97	16.07	16.12	16.05	16.20	16.64
P/E Ratio (net)	8.30	8.13	8.07	8.05	8.08	8.01	8.58
Dealings marked	4,247	4,573	4,496	4,107	4,093	4,454	5,632
Equity turnover £m	—	55.78	76.43	57.85	67.19	67.16	68.49
Equity bargains total	—	13,373	14,819	12,940	12,696	12,664	15,67[illegible]

10 am 476.2. 11 am 479.2. Noon 481.4. 1 pm 482.7.
2 pm 483.1. 3 pm 485.1.
Latest Index 01-246 8026.
*Nil=8.05.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 ([illegible])	67.82 ([illegible])	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 ([illegible])	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	130.3 ([illegible])	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex-$ pm	132.5 (14/8)	90.5 ([illegible])	337.1 ([illegible]/74)	54.3 ([illegible]/76)

S.E. ACTIVITY

—	Nov. 14	Nov. 13
Daily		
Gilt Edged	169.0	211.8
Industrials	137.9	141.6
Speculative	28.6	34.5
Totals	96.7	104.4
5-day Average		
Gilt-Edged	177.8	178.4
Industrials	138.5	[illegible]
Speculative	31.7	[illegible]
Totals	97.5	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	800	132	—	152	10	—	—	913p
BP	850	90	2	108	—	130	—	
BP	900	47	2	76	1	95	—	
BP	950	15	25	40	25	66	—	
Com. Union	130	17	5	21	—	23	—	142p
Com. Union	140	10	4	14	—	16	—	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (12)

CANADIANS (1)
Pacific Petroleum

STORES (1)
Knott Mill

ENGINEERING (1)
Burgess Products

FOODS (2)
Bibby (J.) Pyke W. J.

INDUSTRIALS (3)
Duple Intnl Sandhurst Mrktng.
Ham'lborne

LEISURE (1)
Norton Wright

MOTORS (1)
Plaxton's

PROPERTY (1)
Bellway

TEXTILES (1)
Sirdar

NEW LOWS (9)

INTERNATIONAL BANK (1)
5pc Stk. '77-82

FOREIGN BONDS (1)
Japan 6pc 83.33

BUILDINGS (3)
Bett Bros. Jarvis (J.)
JCEG

INDUSTRIALS (2)
Dentsply 9pcCnv. '91-96 Franklin Mint

PROPERTY (1)
McInerney

MINES (1)
Kamunting

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	—	2
Corpns., Dom. and Foreign Bonds	39	5	37
Industrials	567	165	797
Financial and Prop.	232	43	239
Oils	15	6	16
Plantations	4	8	19
Mines	16	60	65
Recent Issues	6	3	16
Totals	953	290	1,193

APPOINTMENTS

EMI group executive post

Mr. David Steadman is to join EMI on December 14 to control the group's medical electronics business worldwide. He will become a divisional director of EMI and managing director of EMI Medical Electronics Operations, reporting directly to Sir John Read, group chairman.

Aged 41, Mr. Steadman has held positions in communications systems engineering and international marketing with Marconi and from 1970-73 was manufacturing executive of defence marine electronics at Plessey. He went to Cossor Electronics at the beginning of 1974 as manufacturing director and became managing director there a year later.

Mr. David Steadman

★

Mr. Lew Small is to be appointed director of RANK LEISURE SERVICES in place of Mr. Raymond Dutfield, who will be taking up a position outside the Rank Organisation early next year. Mr. Small joined Rank in 1946 and was made a member of the Board of Rank Leisure Services in 1969 as director of technical services. He became assistant managing director of that company in 1976.

★

Mr. Duncan Simpson, former chief test pilot of Hawker Siddeley Aviation and now with British Aerospace, has been appointed deputy director of the SOCIETY OF BRITISH AEROSPACE COMPANIES from December 1, with special responsibilities for technical affairs and marketing. Sir Charles Pringle takes over as director of the Society next February from Sir Richard Smeeton, who is retiring.

★

The Prices Secretary has appointed Mr. G. F. Smith a member of the NATIONAL GAS CONSUMERS' COUNCIL until June 30, 1981. Mr. Smith is the technical director of Hadfields.

★

Mr. J. Lake has joined TRADE FINANCE INTERNATIONAL as an associate director. He was previously with the Export Credits Guarantee Department.

★

Mr. John Gabriel and Mr. Gerald Soane have been appointed joint managing directors of CHEMITRADE in succession to Mr. John Sinclair, who is returning to Australia to be responsible for all operations in the Pacific area of Steuber, the parent concern. Mr. Norman Sutton continues as chairman of Chemitrade and remains in charge of other Steuber marketing companies in Europe.

★

Mr. Alan Routley has been appointed a director of HAVON AIR CONDITIONING.

★

Mr. Keith A. Kimber has been appointed sales director of JOHN FOSTER AND SON and subsidiaries.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20

For rate indications see end of Share Information Service

Call options were completed in English Property, Tesco, Swan Hunter, Bath and Portland, Premier Consolidated Oilfields, London and Northern, Marks and Spencer, Town and City, Cooper Industries, Capital and Counties Property, Burton Warrants, Barker and Dobson, Mount Charlotte Investments, Myson and Hampson Industries. No puts were reported, but double options were arranged in UDT, Siebens Oil (UK) and Hongkong and Shanghai Banking.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	916	+ 8	926	720
ICI	£1	15	375	+ 8	421	328
Shell Transport	25p	12	587	+10	602	484
Barclays Bank	£1	10	352	+ 4	368	296
Boots	25p	9	202	+ 9	237	184
BATs Defd	25p	8	240	+10	304	227
Distillers	50p	8	201	+ 6	215	163
GEC	25p	8	322	+ 7	340	253
GUS "A"	25p	8	308	+12	340	256
P & O Defd.	£1	8	82	+ 1	118	79
Plessey	50p	8	110	+ 3	125	87
Brown (J.) "New"	Nil pd.	7	64pm	—	64pm	30pm
Debenhams	25p	7	85	+ 3	110	82
Lucas Inds.	£1	7	304	+11	336	240
RTZ	25p	7	241	+ 5	263	164

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

Tues., Nov. 14, 1978

	Group	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon. Nov. 13 Index No.	Fri. Nov. 10 Index No.	Thurs. Nov. 9 Index No.	Wed. Nov. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	232.54	+2.0	16.77	3.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	196.86	+1.6	17.96	5.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	368.73	+2.4	20.13	4.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	544.91	+2.2	13.33	3.41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	367.92	+1.9	17.52	6.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	181.63	+2.1	18.29	6.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	164.21	+1.5	16.56	8.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	202.83	+2.0	17.34	5.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	250.54	+1.9	14.51	4.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	169.82	+0.2	17.93	6.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	120.80	+2.5	22.02	6.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (172)	209.46	+3.1	15.85	5.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	230.27	+3.1	14.73	6.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	283.51	+3.2	15.01	5.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	261.41	+3.0	13.98	6.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	205.73	+2.5	18.50	5.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	224.91	+2.1	13.63	5.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	371.7[illegible]	+0.7	21.26	6.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	132.8[illegible]	+1.5	19.39	7.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	198.9[illegible]	+4.1	11.45	4.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	176.7[illegible]	+2.0	18.47	8.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	230.3[illegible]	+4.1	23.90	8.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	95.1[illegible]	+1.0	23.81	6.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	197.5[illegible]	+2.1	15.87	6.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	283.0[illegible]	+2.1	16.18	6.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	250.4[illegible]	+2.0	11.28	4.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	126.9[illegible]	+1.1	19.15	6.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	403.3[illegible]	+0.7	15.41	7.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	211.6[illegible]	+2.5	17.85	6.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (4[illegible])	218.5[illegible]	+2.5	16.20	5.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	519.7[illegible]	+1.3	13.46	3.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	243.4[illegible]	+2.3	15.77	5.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	163.[illegible]	+1.9	—	5.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	191.[illegible]	+1.4	24.42	6.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	202.[illegible]	+1.5	—	8.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	137.[illegible]	−0.2	17.66	5.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	130.[illegible]	+1.4	—	7.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	120.[illegible]	+1.8	—	7.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	323.[illegible]	+2.8	14.79	5.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	76.[illegible]	+0.4	—	6.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	254.[illegible]	+3.7	3.43	2.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	104.[illegible]	—	24.15	8.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	20[illegible]	+0.4	—	5.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	10[illegible]	+2.2	17.90	6.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	309.[illegible]	+0.1	15.96	7.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	221.[illegible]	+2.1	—	5.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues. Nov. 14	Day's change %	xd adj. today	xd adj. 1978 to date
1	Under 5 years	102.79	+0.34	—	8.19
2	5-15 years	111.99	+0.44	—	8.37
3	Over 15 years	116.30	+0.52	—	8.65
4	Irredeemables	120.39	+0.53	—	13.32
5	All stocks	109.75	+0.44	—	9.96

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Tues. Nov. 14	Mon. Nov. 13	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Tues. Nov. 14 Index No.	Tues. Nov. 14 Yield %	Mon. Nov. 13	Fri. Nov. 10	Thurs. Nov. 9	Wed. Nov. 8	Tues. Nov. 7	Mon. Nov. 6	Fri. Nov. 3	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.[illegible]	13.46	56.07	55.13	55.25	56.06	56.12	56.13	56.19	[illegible]
16	Investment Trust Prefs. (15)	51.[illegible]	14.07	51.43	51.41	51.55	51.88	51.88	51.80	51.70	[illegible]
17	Coml. and Indl. Prefs. (20)	71.[illegible]	13.07	71.60	71.78	71.78	71.79	71.86	71.60	72.00	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

مكتبة الأصل

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.

Alexander Fund	$US6.69		.....	—

Net asset value Nov. 3.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg.Fd.	£10.13	10.17	.....	11.94

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	115.0	119.0	....	4.20

Next dealing date November 21.

Gov't Secs. Tst.	99	101	.....	12.00

Next dealing date November 20.

East & Intl. Tst. (CI)	104	111	.....	3.35

Next dealing date November 23.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	$US1.51		.....	—

Net asset value November 11.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US114.92	115.58	.....	7.36

Prices at Nov. 9. Next sub. date Nov. 15.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,893	1,952	−5	7.43

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	46.4	48.8	.....	12.1
Unidollar Trust	$US1.66	1.20	.....	1.80
Unibond Trust	$US100.91	101.70	+0.52	8.50

Barclays Unicorn Int. (I. O. Man) Ltd.

[illegible]

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,388	1,522	.....	3.00
Bondselex	Fr118.15	124.29	−0.40	—
Cent. Assets Cap.	£137.67	137.71	−0.10	—
Keyselex Japan	£12.02	—	−0.18	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	8.90	8.95	+0.06	12.25
Gilt Trust (I.o.M.)	100.5	103.1	.....	12.25
Gilt Fnd. Guernsey	9.29	9.33	.....	12.25

Intl. Govt. Secs. Tst.

First Sterling	£18.34	18.45	+0.25	—
First Intl.	$193.38	193.94	+1.11	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest. Lux. F.	1,124		+1	3.11
Guernsey Inc.	65.7	69.9	.....	4.35
Do. Accum.	82.4	87.6	.....	4.35
KB Far East Fd.	$US13.04		.....	1.45
KB Intl. Fund	$US11.14		.....	2.06
KB Japan Fund	$US41.26		−0.07	0.61
K.B. U.S. Gwth. Fd.	$US11.48		−1.56	0.78
Signet Bermuda	$US4.84		−0.05	1.86
Internl. Bd. Fd.	$US100	—	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	60.8	64.0	.....	1.21

Next dealing date November 15.

Lloyds Bank International Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF312.00	312.00	.....	1.80
Lloyds Int. Income	SF299.50	311.00	.....	5.18

[illegible]

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A2.32	2.42	.....	—

J.E.T. Managers (Jersey) Ltd.
PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extral. Tst.	171.0	181.0	.....	—

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56		.....	1.90
Jardine Fpn. Fd.*	HK$432.81		.....	0.80
Jardine S.E.A.	$US20.89		.....	1.70
Jardine Flem. Int.	HK$12.42		.....	—
Intl. Pac. Secs. (Inc.)	HK$15.80		.....	—
Do. (Accum.)	HK$15.96		.....	—

NAV Oct. 31. *Equivalent $US91.53. Next sub. Nov. 15.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Cnv. Bd. Nov. 13	$US9.26		−0.01	—
Engy. Int. Nov. 13	$US16.75		−0.16	—
Gr. St. $Fd. Oct. 31	$US7.10		.....	—
Merc. Ebd. Nov. 8	$US9.26	10.86	.....	0.1730
Merc. Mny. Mkt. Nov. 8	£10.10	10.11	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 26	$US14.57	14.95	.....	—
CMT Ltd. Oct. 26	£14.62	15.00	.....	—
Metals Tst. Oct. 19	£12.90	13.22	.....	—
TMT Nov. 9	$US9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US14.80		−0.34	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ‡ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. # Suspended. ϕ Yield before Jersey tax. † Ex-subdivision.

[illegible]

Finlay Unit Trust Mngt. Ltd.
10 West Nile Street, Glasgow. 041 204 1321

[illegible]

Prices Nov. 8. Next dealing Nov. 15.

*Prices at Oct. 31. Next dealing Nov. 30.

CORAL INDEX: Close 480-485

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.87%

† Address shown under Insurance and Property Bond Table.

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly ...	22½	......	—	—
41	33	Do 5pc Pref	38xd	......	1½p	—
98	93	Chilean Mixed	98	......	—	£3.10
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass	50	......	3½	£7.20
51	46	Do 6pc 28Stab. Ass ..	49	......	6	£6.24
44	40	Do 4pc Mixed Ass...	40	......	4	£5.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 27¼% (based on US$1.9680 per £) Conversion factor 0.7279 (0.7223)

CANADIANS

[illegible]

S.E. List Premium 27¼% (based on $2.3096 per £)

BANKS AND HIRE PURCHASE

1978 High	1978 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
29	19	Goode D1 Mry.5p	20	......	0.13	—	0.9	—
142	96	Grindlays	119	......	2.79	7.1	3.5	4.2
130	93	Guinness Peat	111	+1	h5.15	—	6.9	—
217	155	Hambros	165	......	9.76	—	8.8	—
100	81	Hill Samuel	82xd	......	†4.97	—	9.1	—
600	200	Do. Warrants	200	......	—	—	—	—
360	203	Hong Shng.$2.50.	263	+9	hQ59c	—	2.6	—
69	52	Jessel Toynbee ..	59	+2	†h3.32	—	8.4	—
215	160	Joseph(Leo)£1..	160	−10	8.74	—	8.2	—
55	37	Keyser Ullmann.	51	......	0.67	—	2.0	—
74	56	King & Shax 20p.	60	+2	3.44	—	8.7	—
114	88	Kleinwort B.L. ..	89	+1	†4.18	—	7.0	—
297	242	Lloyds £1	265	+7	†9.23	4.8	5.2	6.0

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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مكتبة الأصل

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INSURANCE—Continued

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CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

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[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency, excluding the investment dollar premium. These prices are available only to non-UK residents.

		Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
$15¼	[illegible]	Buffels R1	$11½	−½	[illegible]	1.6	17.0
$12¼	850c	East Drie R1	[illegible]	+5	[illegible]	1.7	9.9
585c	[illegible]	East Rand Prp R1	[illegible]	.....	—	—	—
$28¾	[illegible]	F.S. Geduld 50c	[illegible]	.....	Q315c	ϕ	19.9
$15½	975c	Pres. Brand 50c	[illegible]	.....	Q150c	ϕ	15.4
$15½	900c	St. Helena R1	[illegible]	.....	Q190c	ϕ	21.6
465c	313c	Stilfontein 50c	[illegible]	−5	[illegible]	2.3	6.3
$22½	[illegible]	Vaal Reefs 50c	[illegible]	+⅛	Q115c	3.3	7.2
$37	$25	West Drie R1	[illegible]	+⅛	Q395c	1.7	14.8
$31¼	[illegible]	West Hldgs. 50c	[illegible]	.....	[illegible]	ϕ	21.9
$12½	895c	Western Deep R2	$10½	−⅛	Q125c	2.4	9.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution, bracketed figures indicate 10 per cent. or more difference [illegible] distribution. Covers are based on [illegible]. Yields are based on middle prices [illegible] 33 per cent. and allow for value of [illegible] rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ✦ Regional price.
- Π No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1978-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 197[illegible]. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ex dividend; ex scrip issue; ex rights; ex all; ex capital distribution.

"Recent Issues" and "Rights" Page 33

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	[illegible]	.....	Sheff. Refrshmt.	66	.....
Ash Spinning	[illegible]	−2	Sindall (Wm.)	114	+2
Bertam	[illegible]	.....			
Bdg'wtr Est 50p	[illegible]	.....			
Clover Croft	[illegible]	.....	**IRISH**		
Craig & Rose £1	[illegible]	.....	Conv. 9% '80/82	£89	.....
Dyson (R. A.) A	[illegible]	.....	Alliance Gas	95	+2
Ellis & McHdy	[illegible]	.....	Arnott	3[illegible]	.....
Evered	[illegible]	−1	Carroll (P.J.)	95	.....
Fife Forge	[illegible]	.....	Clondalkin	[illegible]	.....
Finlay Pkg 5p	[illegible]	.....	Concrete Prods.	130	−5
Graig Ship £1	[illegible]	.....	Heiton (Hldgs.)	49	.....
Higsons Brew	[illegible]	.....	Ins. Corp.	160	.....
Holt (Jos) 25p	[illegible]	.....	Irish Ropes	105	.....
I.O.M Stm £1	[illegible]	.....	Jacob	55	.....
Nthn. Goldsmith	[illegible]	.....	T.M.G.	175	−5
Pearce (C. H.)	[illegible]	.....	Unidare	65	.....
Peel Mills	[illegible]	.....			
Sheffield Brick	[illegible]	.....			

OPTIONS

3-month Call Rates

Industrials		[illegible]	20	Tube Invest	30
A. Brew	6½	[illegible]	6	Unilever	35
A.P. Cement	18	[illegible]	20	Utd. Drapery	7½
B.S.R.	9	[illegible]	8	Vickers	15
Babcock	11	[illegible]	5	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	[illegible]	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	[illegible]	5	Land Secs.	16
Burton 'A'	12	[illegible]	25	MEPC	12
Cadburys	5	[illegible]	10	Peachey	8
Courtaulds	10	[illegible]		Samuel Props.	9
Debenhams	3	Marks & Spencer	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	[illegible]	12	**Oils**	
Eagle Star	11	[illegible]	22	Brit. Petroleum	45
E.M.I.	14	[illegible] Warrants	10	Burmah Oil	[illegible]
Gen. Accident	17	[illegible]	[illegible]	Charterhall	[illegible]
Gen. Electric	18	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	40	[illegible]	5	[illegible]	29

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday November 15 1978

Big new sales exhaust short-tap

BY MICHAEL BLANDEN

THE BANK of England took a further step in its programme for funding the Government's borrowing needs yesterday with significant sales of the official short-medium tap stock.

The demand exhausted supplies of the stock, Exchequer 10 per cent 1983, with the last sales reported at a price of £88¼ per cent. This compared with £88⅛ per cent at the close of business on the previous day.

Sales are thought to have totalled about £200m yesterday, after substantial sales of some £500m of the short- and long-tap stocks on Friday.

Since the jump in the minimum lending rate by 2½ per cent to 12½ per cent last Thursday, therefore, the Bank may have sold around £700m of stock.

Base rates

The further rise in interest rates was confirmed as the rest of the big banks fell into line with National Westminster by raising their base lending rates from 11½ per cent to 12½ per cent.

The banks brought their deposit rates, previously at different levels, together at 10 per cent.

Lloyds raised its rate by 1½ per cent from the previous 8½ per cent, while Barclays and Midland went up 1 per cent from 9 per cent.

There had been doubts whether all the banks would take the same view of rates after NatWest's decision to move early on Monday, but after Barclays made the change yesterday the others quickly followed.

Buying of gilt-edged stocks has exhausted both official taps within the past three working days, and the market is waiting for the authorities to announce their next issue.

Encouraged by the trade figures, prices of gilt-edged securities rose by about ½ yesterday. The Financial Times Government securities index gained 0.3 to 68.28.

Herstatt auditors may face charges

By Jonathan Carr

BONN, Nov. 14.

THE COLOGNE public prosecutor's office is investigating whether there are grounds for proceedings against the auditors of Herstatt—the bank which collapsed in 1974 with losses of over DM 1bn.

A spokesman for the office said today it was hoped that a decision on whether or not charges were to be made would emerge before the end of the year. The investigation was being made on suspicion of violation of paragraph 403 of company law, which envisages imprisonment or fines for anyone either making a false audit or failing to report significant information in connection with it.

The Herstatt audit for the business year 1973 was carried out by the well-known Essen-based company, Karoli-Wirtschaftspruefung—part of the McLintock Main Lafrentz International grouping — and signed by two senior auditors, Dr. Hermann Karoli and Dr. Karl Christoph.

A spokesman for Karoli-Wirtschaftspruefung, replying to questions today, said the company was sure that the investigation would be dropped. He declined to give further details, not least on grounds that Dr. Karoli himself had not so far been heard by the public prosecutor's office. He also expressed some surprise that word of the investigation had been made public before the result of it was complete.

The 1973 report reveals receipts totalling DM 238.3m (including DM 55.1m chiefly from foreign exchange and precious metal business). Net profit was DM 10m, from which DM 4.75m was added to reserves.

The supervisory Board, under its chairman and Herstatt's major shareholder, Dr. Hans Gerling, noted in the 1973 report that the audit had brought "unqualified notice of confirmation" of the year's results. The Board said that from its side it thus had no objections to add.

On June 26, 1974, Herstatt closed its doors with losses of more than DM 1bn and the admission that foeign exchange transactions had "appeared incorrectly in the bank's books."

The event sent shock-waves through the international banking community, brought lengthy and complex liquidation proceedings and, among other things, raised the question whether the real extent of Herstatt's foreign exchange business might not have been uncovered earlier.

British Shipbuilders loses £108m in first nine months

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS lost £108m in its first nine months of trading but it expects to keep within the Government target of a £45m loss for the full financial year ending next April.

After a tax credit of £14.6m, the 16-month-old State corporation showed a post tax loss of £94m on turnover of £547m according to its first annual report, published yesterday.

Mr. Michael Casey, the corporation's chief executive, said the scale of losses was "wholly unacceptable," but had been caused by a combination of factors outside the control of British Shipbuilders.

Investment and manpower productivity improvements had been paralysed in the three-year run up to nationalisation. The corporation had also felt the effects of the worst shipbuilding recession this century.

Since vesting day, the priorities had been to bring the yards under proper finanical control, using cash limits, and to produce an initial corporate plan.

He would not be drawn on the contents of the plan, which is known to be based upon a projected 30 per cent cut in the merchant shipbuilding workforce, to be discussed by trade unions at a delegates' conference in Newcastle tomorrow.

Contracts

Mr. Casey said the corporation was involved in "a crisis of survival" in which it must strive to retain a hard core of facilities and manpower to meet the predicted recovery in demand in the 1980s.

Asked about the future of the Haverton Hill shipyard on Teesside, which will have run out of work by the end of the year, Mr. Casey said the yard was dependent upon finding new contracts. He was, in principie, opposed to transferring work from efficient shipyards to less efficient units, merely on social grounds.

Five policy objectives were being pursued: Maximisation of orders while reducing financial losses; concentrating business in the most efficient yards; raising productivity; improving industrial relations and diversification.

No figures are given in the report for the performance of individual yards, but losses are broken down by sector. Shipbuilding activities lost £83.7m, ship repair £9.9m and engine building £9.5m in the period under review. General engineering showed a trading profit of £3.1m.

Heavy provision, totalling £134m, is made for future losses on contracts already entered into, of which £72m relates to expected future losses. The accounts are qualified on the grounds that the ultimate accuracy of these provisions "cannot be foreseen with reasonable certainty."

On top of the trading losses incurred in the first nine months, British Shipbuilders also benefited from a £46.6m slice of the Government's £65m shipbuilding intervention fund, taking the total cost of the corporation to the taxpayer beyond the £150m mark.

The accounts also show that £32.6m has been set aside for future capital spending.

Reductions

Mr. Casey said that, although the world shipbuilding recession was still deepening, British Shipbuilders' intensive marketing efforts had resulted in an improved market share—4.4 per cent of the world orderbook at the end of March.

Responding to the report, Mr. Norman Lamont, an Opposition industry spokesman, said the Government must now come clean on its plans for shipyard closures and manpower reductions.

Mr. Neville Trotter, Conservative MP for Tynemouth, said he calculated that for every merchant ship under construction in BS yards, the taxpayer was contributing £1 in £3. He called for an immediate inquiry into the efficiency and productivity in individual yards.

Drews Lane strike leaders reject p'ea

BY ALAN PIKE AND ARTHUR SMITH

SHOP STEWARDS from BL Cars' Drews Lane plant rejected appeals yesterday by officials of all six unions at the factory to end a strike which has already made nearly 30,000 workers idle.

The men were clearly angry after three hours of talks yesterday with union leaders and management in Birmingham had made no progress on a demand for a plant level pay rise of more than 30 per cent.

The main hope for a return to work rests on a mass meeting of the 3,500 strikers expected later this week. There are already signs of unrest among workers, who feel the walkout 12 days ago was too hasty.

The shop stewards will consider their recommendations for such a meeting tomorrow morning, but it was clear yesterday that the strike leaders were prepared to settle in for a prolonged confrontation.

Mr. Michael Edwardes, the BL chairman, has warned that the company cannot afford to go beyond a 5 per cent pay offer and that a lengthy dispute might put up to 10,000 jobs at risk.

Mr. Arthur Harper, the plant convenor, insisted that such cuts would be implemented by Mr. Edwardes regardless of the Drews Lane strike.

Overwhelming support for the strike was voted by a meeting of the BL Cars' shop stewards combine, an unofficial but influential body.

The 200 stewards, meeting in Birmingham, declared outright opposition to company plans for more than 7,000 voluntary redundancies to finance moves toward parity of earnings between plants.

Management has made it clear to the unions that the middle range cars are most vulnerable to the market impact of a prolonged stoppage.

Union leaders demand a meeting with Leyland Vehicles management in "days rather than weeks" to discuss the proposed closure of its Southall factory and investment in the truck division generally.

The announcement on Monday that the company wants to close the plant, with the loss of 2,500 jobs, came as shop stewards were completing a trade union alternative strategy for investment in Leyland Vehicles.

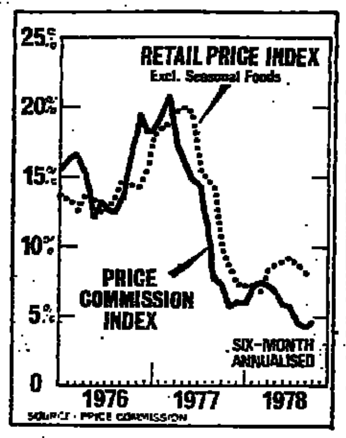
This has been under preparation since September, when the unions rejected company proposals to reduce planned investment in the division by £58m between now and 1982.

The union plan, to be presented to the company at the meeting now being sought, envisages retention of Southall.

● Skilled workers at Vauxhall's Ellesmere Port plant will consider calling off their unofficial strike over pay differentials at a mass meeting today. The Amalgamated Union of Engineering Workers, to which most of the 900 strikers belong, yesterday recommended a return to work.

Slight rise in retail prices forecast after lull

By David Churchill,
Consumer Affairs Correspondent



THE RATE of inflation as measured by the Price Commission's index of price rises notified to it has increased for the first time in seven months.

For the six months to the end of October, the index went up by 4.7 per cent, expressed as an annual rate, compared with an adjusted figure of 4.3 per cent for the six months to September. In October alone, the index advanced by 0.4 per cent.

The significance of the commission's index is that it indicates price rises in the pipeline which will be reflected by retailers in two or three months' time.

Under the Government's prices legislation, all manufacturing companies with a turnover in excess of £15m (£12m for service companies) have to give the commission 28 days' notice of an impending price rise. The commission then has to decide whether to investigate the rise—which would freeze it for three months—or, more usually, allow the increase to go ahead.

While the slight increase in the commission's index has come at an unwelcome time for the Government, it was being stressed last night that the index has been relatively stable over the past three months at around 4.5 per cent. At the beginning of the year it was running at jutst over 7 per cebt.

Other recent economic indicators also suggest that there will be no major upsurge in the annual inflation rate in the immediate future. The indices for output prices and for the cost of industry's new materials each increased by about 0.5 per cent last month—about the same rise as in September.

The October retail price index, which includes fresh foods, mortgages, and tax changes which are not covered by the Price Commission index, is due to be announced on Friday. In September the retail price index stood at 7.8 per cent.

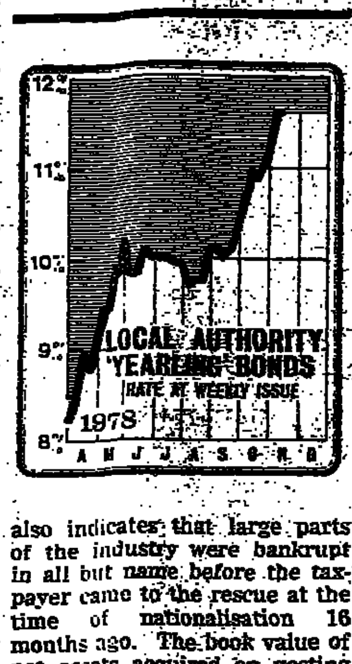
Meanwhile, the Price Commission is expected today to decide whether or not to investigate British Rail's proposed fare increases of just over 9 per cent.

The decision will be taken at the commission's regular weekly meeting, which is held in secret, and if it does decide to investigate it will be for the second year running.

THE LEX COLUMN

Another gilt-edged tap runs out

Index rose 13.0 to 487.5



Nobody could produce any very convincing reasons why yesterday should have been the best day for the FT 30-Share Index in more than a year. True, the October trade figures turned out to be good, continuing the series of alternating monthly surpluses and deficits which has persisted all year. And the market was spurred by ill-founded rumours that the Government was about to reach agreement with the TUC on broad pay guidelines without clobbering companies with new price controls. But on the evidence of the number of bargains marked, business remained at dismally low levels.

There was, however, tangible success for the authorities yesterday in the gilt-edged market. After supplying maybe £200m worth, the Government broker declared that he had exhausted his supplies of Exchequer 10 per cent 1983, *the unloved short/medium tap* which started life in June at 95 to yield 11.25 per cent, and finally ran out at 88¼ to return over 13 per cent. The market guesses that quite a bit of this stock has been tucked away in public funds, and with demand currently thin at the short end, the next tap to be issued—probably on Friday—will be a long.

However, official tactics in the gilt-edged market in the past few days now look a trifle odd. The cut-price manoeuvre last Thursday gave the impression of an urgency to sell. But the Government is supposed to be reasonably well up with its funding targets, and the trade figures turned out good enough to have justified adopting more of a waiting game. Maybe the authorities are just playing safe. Or perhaps there are some less comforting figures about to emerge—the new Treasury forecasts, for instance, which may be published today, or the full money supply and bank lending statistics due tomorrow. Certainly there is every expectation that short-term interest rates will stay high for the time being. And that could mean the fund managers, having trimmed their surplus liquidity ahead of their year-end balance sheets, can now safely go back to sleep until after Christmas.

British Shipbuilders

The grim plight of British Shipbuilders is highlighted in its first annual report—which also indicates that large parts of the industry were bankrupt in all but name before the taxpayer came to the rescue at the time of nationalisation 16 months ago. The book value of net assets acquired on vesting date was £73m: British Shipbuilders' attributable loss for the nine months to March is £93m.

Whatever the shape of the corporate plan currently under discussion, the group is clearly going to need large injections of cash. This year, it hopes to limit its losses to £45m—but that is after crediting intervention fund assistance, currently running at an annual rate of up to £85m, and before allowing for what could be very substantial reorganisation costs.

In addition, British Shipbuilders will need to finance its capital commitments, now standing at £33m, and its liquid position seems bound to deteriorate sharply. Creditors and progress payments currently exceed work in progress and debtors by over £100m, but that source of finance will presumably disappear as the order book runs down.

In the decade up to nationalisation, the industry swallowed nearly £300m of public funds. The way things are heading now, it could need as much again in the next year or two.

Smiths Industries

Smiths Industries' preliminary figures say a good deal for the group's strength in depth. Despite the 22 per cent drop in profits in the first-half through strikes costing £2.5m in its aerospace and vehicle equipment divisions, it has managed an 8 per cent rise in pre-tax profit to £22.1m for the year as a whole.

This is the result of an excellent performance by the group's specialist engineering businesses, which — helped a little by contract completions in Eastern Europe — showed a 63 per cent increase in trading profit to £7m, on margins that reached 18 per cent in the second-half. The distribution companies also made a solid showing.

But, the most exciting area is aerospace, where a 40 per cent rise in second half profits to £1.9m gives a foretaste of what should happen over the next two years as heavy civil and military investment in aircraft throws up new contracts. Smiths has work on the major UK military aircraft, work with Fokker and Airbus, and, since the purchase of Harowe Systems, is deeper into Boeing than before. It has also got over the hurdle of this year's wage settlements for its aerospace workers.

On the vehicle front, Smith's exposure to Ford is low but major disruption at BL would bring problems. The shares, up 9p at 205p, stand on a very modest p/e of 6 on the SSAP 15 tax charge (9.1 fully-taxed) and yield 6 per cent.

Akzo

Although Akzo has dipped back into the red in the third quarter—seasonally its weakest—it confirms that the recovery in the European chemicals industry is continuing, albeit rather slowly. After nine months Akzo has turned in a nominal net profit of Fl3.5m (£1.8m) which compares with a loss of Fl38m for the same period last year and the company is now talking of a "very modest net profit" for the full year. This will mark its first year in the black since 1974 but it is much too early to expect this to be reflected in dividend policy.

The key to the improvement continues to be loss elimination on the fibres side (which accounts for a third of sales) where it has cut costs by Fl300m per annum. However, there is a limit to the amount of rationalisation that Akzo can undertake and in the final analysis there is a need for a substantial rise in fibre prices. So far this has failed to materialise.

Continued from Page 1

Pay rift

split vote of 15-15, and fell for the same reasons as the statement itself.

Mr. Murray said there would be no more talks on the present incomes policy. But that did not mean that the usual exchange with Ministers, and the work of the TUC-Labour Liaison Committee, cornerstone of what used to be called the Social Contract, would continue.

Asked whether present claims were responsible, Mr. Murray said: "Perhaps some negotiations, because of the operation so long of wages policy, are a little rusty in their negotiating ability."

In an apparent reference to the Ford strike and the bakers' strike, he said that some unions had not "negotationed their way through but taken industrial action unnecessarily early."

The purpose of the negotiations had been to paper over the breach between the Government and the TUC after the complete rejection by the Labour Party Conference in October of the Cabinet's 5 per cent pay policy.

Mr. Denis Healey, the Chancellor, and the Minister who led the Government team in the lengthy and difficult negotiations, was clearly shaken by the General Council's rebuff, but tried to put on a brave face.

The breakdown calls into question the personal position in the Labour Party of Mr. Healey, who was given overall responsibility for the negotiations by the Prime Minister.

The Chancellor will make a statement today outlining the Government's attitude, but it was already clear last night that Ministers see no alternative to sticking by their present battered 5 per cent guideline.

Sir Geoffrey Howe, Shadow Chancellor, said last night that the TUC decision "gave the lie to the false idea" that the Government had some special magic relationship with union leaders.

John Elliott writes: The Confederation of British Industry called on the Government last night to "clarify its position without delay," and on the TUC and individual trade unions "to show a bit of leadership."

It said that any atempt to strengthen price controls would be "implacably opposed."

MPs demand thorough review of Britain's EEC membership

BY ELINOR GOODMAN, LOBBY STAFF

ANTI-COMMON MARKET MPs called yesterday for a full review of Britain's membership of the Community in the wake of the Prime Minister's criticism of Europe at the Mansion House on Monday night.

Their arguments were evidently gaining ground within the Government while the likelihood of Britain's joining the proposed European monetary system were *diminishing* rapidly. However, the moves resulted only in the Prime Minister's and *Foreign Secretary's* reaffirming their belief in Europe.

EEC opponents, however, were able to take some comfort from the pains that both men took to give the Commons the impression that they were driving a hard bargain over the issue of Britain joining a European monetary system.

In a debate on enlargement of the EEC, Dr. David Owen, Foreign Secretary, indicated, as Mr. Callaghan had on Monday, that a review of the financing of the Common Agricultural Policy was seen as integral with the wider negotiations over the monetary system and the question of admitting new members to the Community.

With Prime Minister's question time, the EEC enlargement debate was used by Labour left-wingers to try to put Mr. Callaghan on the spot by arguing that his logical negotiating position in Brussels after what he had said about Community financing was to threaten to withdraw from the Community altogether.

Mr. Callaghan retorted that the need was for closer co-operation within Europe rather than a break-up. There had to be a broad balance between the interests of all members of the Community if its long-term objectives were to be fulfilled, not the present imbalance.

The Cabinet will formally make up its mind about the European monetary system before the Commons debate which it has promised before the Heads of Government meeting early next month.

Yesterday Dr. Owen, who reaffirmed the Government's commitment to an enlarged Community, emphasised the practical obstacles to any monetary system in which the economies of the member countries diverged so sharply.

The overall effects of all Community policies, he said, must increasingly be to promote convergence of economic performance between member countries, in contrast with the aims of such present strategies as the Common Agricultural Policy.

It was the more important that policies should be changed before the EEC was enlarged. All the requirements that Britain had argued that a monetary system must meet to be durable and effective were reinforced when considered in the context of enlargement.

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Editorial Comment Page 22

Air fare fixing changes agreed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENEVA, Nov. 14.

A LAST-MINUTE attempt by several Third World airlines to reject the proposed changes in the fare-fixing methods of the International Air Transport Association failed at the association's annual meeting here today.

As a result, the proposed changes will now go forward to the airlines' governments for their approval.

Many airlines in Africa, the Middle East, South America and the Far East have been unhappy for some time over the proposals, originally agreed in the summer in Montreal, that would enable some airlines to withdraw from the association's normal fare-fixing methods while continuing to participate in its other activities such as legal, safety and technical affairs.

The changes, which the association believes will go a long way to satisfying present strong American objections to its methods of fixing fares, were approved by a majority of the airlines attending the annual meeting in Geneva on Monday.

However, this clearly left many of the Third World airlines unhappy. They have traditionally regarded the association as a form of protection against unbridled competition forced on them by stronger airlines, and were afraid that if the association's proposals went through they would be left exposed.

As a result, several airlines moved this afternoon to bring the proposals back to the floor for another vote. But after some tough talking, their objections were overwhelmed and the proposals were approved.

Nonetheless, 11 airlines from the Third World countries abstained from voting, while three voted against the proposals.

This last minute squall in the association's efforts to meet objections to its fare-fixing role added point to the argument that there are many smaller and weaker airlines throughout the world which feel the time is not right for changes, no matter what some of their bigger brethren might believe.

It also indicated that there is considerable resentment in many parts of the world against current American attempts to introduce greater competition into the world airline business.

Shortage of funds to buy aircraft worries airlines. Page 6

Weather

UK TODAY

CLOUDY with some bright spells.

London, S.E. England, E. Anglia, Midlands, E., S.W. England, Channel Islands, S. Wales

Dry at first, rain later. Wind S.W. strong to gale. Max. 14C (57F).

N. Wales, N.W. England, Lakes, Isle of Man, Borders, Edinburgh, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, N.E., N. Scotland, Argyll, Scottish Islands, N. Ireland

Rain with bright intervals. Max. 11C (52F).

Cent. N. England, N.E. England

Cloudy with rain, becoming clearer. Max. 12C (54F).

Outlook: Changeable. Rather cold with night frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	F	11	52	Madrid	S	14	57
Athens	C	14	57	Manchstr.	C	13	55
Bahrain	S	25	77	Melbourne	C	14	57
Barcelona	S	17	63	Mexico C.	S	20	68
Belfast	R	14	57	Milan	C	4	39
Belgrade	C	1	34	Montreal	R	8	46
Berlin	S	6	43	Moscow	R	2	36
Brmghm.	F	14	57	Munich	S	9	48
Bristol	C	14	57	Newcastle	S	14	57
Brussels	S	10	50	New York	C	17	63
Budapest	C	1	34	Oslo	C	3	46
B. Aires	S	18	64	Paris	S	13	54
Cairo	S	21	70	Perth	C	23	73
Cardiff	C	13	55	Prague	S	6	43
Chicago	S	4	39	Reykjavik	Sn	−1	30
Cologne	S	10	50	Rio de J'o	C	27	80
Copnhagn.	C	9	48	Rome	S	16	61
Dublin	R	15	59	Singapore	C	30	86
Edinb'rgh	R	14	57	Stockholm	F	8	46
Frankfurt	F	8	46	Sydney	S	24	75
Geneva	S	9	48	Tehran	S	10	50
Glasgow	C	13	55	Tel Aviv	F	18	64
H. Kong	S	24	74	Tokyo	C	16	61
Jo'burg	S	24	74	Toronto	C	12	54
Lisbon	S	17	63	Vienna	S	6	43
London	C	14	57	Warsaw	C	4	39
Luxembg.	S	6	43	Zurich	F	7	45

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Jersey	S	13	55
Algiers	F	19	66	Las Plms.	S	26	79
Biarritz	S	14	57	Locarno	S	12	54
Blackpool	R	13	55	Majorca	F	19	66
Bordeaux	F	13	55	Malaga	S	19	66
Boulogne	S	12	54	Malta	F	19	66
Casblnca.	S	21	70	Nairobi	S	24	74
Cape Tn.	S	18	64	Naples	S	17	63
Corfu	S	17	63	Nice	S	18	64
Dubrovnik	S	17	63	Nicosia	F	21	70
Faro	S	21	70	Oporto	S	18	64
Florence	S	18	64	Rhodes	S	19	66
Funchal	S	21	70	Salzburg	C	10	50
Gibraltar	R	18	64	Tangier	S	21	70
Guernsey	C	13	55	Tenerife	S	23	73
Innsbruck	S	10	50	Tunis	R	14	57
Inverness	C	13	55	Valencia	S	19	66
Istanbul	S	13	55	Venice	S	12	54

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

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